

Marketing

Big sales push to get pork back in trim

by Warren Berryman

PIG farmers are taking control of their own destiny with a farmer-financed \$750,000 marketing campaign aimed directly at the consumer.

About 75 per cent of pig production goes to ham, bacon, and sausage-makers.

The marketing campaign announced the other day aims to bypass the smallgoods processors by selling leaner cuts of fresh pork direct to the consumer under the broad name "Trim Pork".

The campaign results from two years' market research by Pork Marketing Board marketing officer, Ian Lamb.

Lamb's research showed total pig production has remained static over the past decade while pig meat's share of the total market has fallen from 13 to 11 per cent and continues to decline.

Referring to Heylen Research Centre findings, Lamb said consumers feel pig meat is "too rich, too fatty, and too expensive".

Some pig producers blame high prices and consumer resistance on the smallgoods processors, pointing to the \$1.90 a kg they receive for a baconer, compared with the \$6.16 retail price for bacon (more than double the American price for bacon).

With their marketing campaign, pig farmers are making a fundamental shift from their traditional role of price-taking producers to become price-making marketers, with greater control over their industry.

Pork Marketing Board member Jim Barclay said the marketing exercise had been unanimously approved by his board. The funding would come from the \$1-a-pig levy

The Pork Marketing Board will press ahead with its "Trim Pork" campaign today despite the mystery virus that struck 28 pigs on the Dennis farm in South Canterbury.

Chief executive David Dobson said that once the first clearance, discounting foot and mouth disease, had been given "there was no point mucking around".

"We are confident enough to go ahead," he said. In any case the disease, like many other animal diseases, would not affect the meat providing it was well cooked.

Pork was taken off the market in Timaru for a day or two "but that was to stop garbage from the butchers shops going back to the piggeries."

paid by the 2000 or more registered pig farmers.

This levy was formerly used for a price stabilisation scheme which some industry leaders felt benefited only the smallgoods processors.

Barclay said the era of cheap pork fed on dairy wastes was past. Pig farmers had to feed their stock on grain and grain prices were rising.

Lamb's research showed pig farmers had only eight profitable quarters between 1973 and 1979, because of the

schedule price/grain ratio. Feed costs account for 70-80 per cent of pig production costs.

The Government has made it clear pig farmers will have to compete with imports of pork. Grain prices in the United States and Canada are cheaper than here.

Barclay said pig farmers were not subsidised from the public purse. But it could be said that pig farmers and processors together were

heavily subsidised by the consumer.

"We don't receive any subsidies," Barclay said.

"We could have gone to the Government with a begging bowl and publicly whined and screamed for assistance and protectionism. But we didn't."

We're an independent breed, we pig farmers, and we decided to give it a go to market our way out of our difficulties, to improve our own efficiency, to find out why consumers appeared not to particularly want what we produced, then to find out what they did want and give it to them.

Barclay said Lamb had proved his ability to sell meat with big bacon sales push last year, increasing sales by 29 per cent in eight weeks.

The key to the "Trim Pork" brand is the one-pig concept based on Australian and American experience.

This animal, a 60-72 kg baconer selling for \$1.90 a kg, as against \$2.30 a kg for a porker, is considered the optimum size for both processing and the new range of cuts.

Lamb's research showed consumers tended to view value for money in terms of servings per dollar rather than dollars per kg. In value-for-money terms, consumers wanted more red meat and less waste bone and fat.

Heavy pork buyers tend to be older people. This market segment is not as concerned with high prices, as light buyers.

Light buyers tend to purchase for special occasions, favouring the bigger cuts. More frequent users go for small cuts, such as chops.

Only 7 per cent of households consume pork regularly each week — and 14 per cent of the population do not eat pork at all, Lamb found.

The aim was to convert light buyers to heavy use. Price, while not a reason for non-purchase, was the major obstacle.

The modern trend was towards quick and easy-to-cook non-frying convenience foods. Market research showed consumers thought pork was difficult to cook.

The frying and grilling market is worth \$83 million a year. Lamb's aim is to produce a pork alongside lamb, chicken and beef for a big slice of that market.

Here the trick lies in the butchery.

At last month's media presentation, Lamb had butcher Richard Baker wielding his knives over half a pig. Baker turned butchery into a gastronomic performance, wasting not one portion.

The cuts were trimmed of all but a thin ring of fat, most of them grilling or frying. The skin and fat were to be sold separately as crackling, the bones for soup, scrappie, chow mein, and his and pieces for sausage.

When Baker finished, only a handful of scraps designated for the garbage can.

Lamb said the new "Trim Pork" might be no cheaper than conventional pork but "per kg" basis but that it would be seen as better value for money, as the consumer would not be buying bone and fat for his rubbish tin.

At any rate, Lamb said, "Trim Pork" would be competitive in price with beef.

The major push will initially be in Auckland supermarkets — not local butcher shops.

Supermarkets, Lamb said, sell 85 per cent of the country's meat and this share is growing.

Supermarkets, with their self-service, are better geared to the sort of aggressive merchandising the brand has in mind. And being less conservative and more flexible, they will be more receptive to moves towards co-operative advertising and in-store promotions, Lamb said.

Lamb's research showed 60 per cent of housewives made their meat-buying decisions in the shop. This presentation and quality control were essential.

The Pork Marketing Board does not own or sell its own pork. Its role is marketing.

But the board does own the registered trade name "Trim Pork" and will approve retail outlets allowed to use the name and the associated promotional material.

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Minority shareholders fight NZLS takeover

by Warren Berryman

THE 2500 minority shareholders in New Zealand Land Security Ltd are being organised to fight a takeover bid for their company.

The bid comes from White Haven Holdings Ltd, a \$300,000 capital company owned one-third each by Richard Solomon, John Martin, and Wellington stockbroker Bruce Buxton.

Solomon and Martin have been directors and managers of NZLS for years.

White Haven directors have built their shareholding in NZLS to 53 per cent over three years. They now want the remaining shares.

NZLS, one of the country's smaller public companies, began as Mining Investments Ltd, failed on mining share investments and then in the property market. Recently it has been successful in running two private hospitals after

dumping its property holdings at a loss.

There has been no dividend since 1976.

The capital was halved by reducing the value of the 2,710,000 50c shares to 25c during 1979-80.

Since the move into hospitals, profitability has jumped. White Haven is now offering 25c a share.

Opponents of White Haven's bid say 25c is too low. They say they stood by the company during loss years, and now that NZLS is starting to show a profit the managers want to buy it for themselves on the cheap.

They also claim that Solomon and Martin have provided inept financial management the years and that share price "have been artificially depressed during the

takeover period by misinformation."

The takeover bid was announced on February 12. On February 18 *The New Zealand Herald* quoted Martin as saying NZLS's half-year profits would be "a little more than \$20,000". Next day, the *Herald* reported profits at \$32,200 — a 61 per cent increase.

In 1980 the NZLS share register showed Solomon to hold only 7575 shares and Martin only 6775. Solomon, Martin and Buxton in fact were in a position to control the company at that time.

The highest single block of shares in NZLS in the 1980 list was held by Atlas Majestic Industries — 724,000 shares or 26 per cent. Atlas Majestic passed over the voting rights to these shares to Solomon and Martin three years ago, but withheld the actual scrip until the share price was paid last year.

The three White Haven shareholders also bought the 470,000 shares owned by Samco Sargent late last year.

Leading the fight against the takeover is Auckland accountant Stanley White. White has

But the casual observer could not pick up this movement from the share register.

The only remaining blocks of shares of any size not held by White Haven were held by Foresight Nominees Limited and NZL.

Foresight Nominees, a company run by stockbrokers Morrow and Benjamin, sold its 111,600 shares to White Haven last week. Tony Morgan of NZL's trust department, said last week he hadn't yet sold his 134,450 shares.

Apart from these four blocks of shares, NZLS's shares are spread among 2496 minority shareholders with an average share holding worth only \$130.

This makes contact with shareholders difficult for both White Haven and its opponents.

Solomon said the cost of servicing a large number of shareholders was expensive. NZLS could be run more efficiently as a private company, he said.

Leading the fight against the takeover is Auckland accountant Stanley White. White has

circularised shareholders with the aim of setting up a shareholders' co-operative to scrutinise the managers who, in NZLS, also happen to be directors.

White Haven's bid carried a directors' recommendation to accept the bid backed by a report from an independent valuer, Tony Frankham, of Lawrence Anderson Buddle. Frankham valued the NZLS shares at 18c.

Frankham's valuation appears to be based on the shares as an investment, rather than on the asset backing of the shares.

White took a different approach, looking at what the company owned, rather than the dismal dividend yield.

White went to NZLS's 1980 accounts, which showed a market value of land and buildings at \$2,380,000 in the notes, compared with a balance sheet figure of \$1,968,227, and figured the shares to be worth 18c each.

Then White took the tax-loss figure of \$75,000, multiplied by 45 per cent (company tax rate) and added \$170,000 to the firm's assets, bringing the share

Continued on Page 3.

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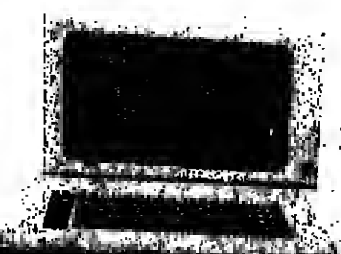
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New Fuel Rise Will Be Felt On Wide Front

Petrol costs are a little more today and industry firms will feel the impact as much as motorists.

Not As Much

Tribunal Inquiries First Step For FM

by Rae Mazengarb

THE Government will be told that full disclosure of information relating to the holders of import licences would be welcomed by trade and commercial groups.

For some, this is a complete switch in policy direction. For others, it's a reaffirmation of an attitude held for some years.

However, manufacturers, retailers and importers all temper their willingness for disclosure with provisos for safeguarding commercial confidences.

The Department of Trade and Industry took some tentative steps toward a form of

disclosure a few years ago, publishing the amount of licence granted under item codes (except where companies holding a licence were so few that it was "inappropriate" to publish).

But some sections of the business community have continued to lobby for a greater degree of disclosure.

The rationale has been a general public desire to see more freedom of information (acknowledged by the Danks Committee hearings), and the knowledge that some importers have been sitting for years, in some cases — on unused licence allocations.

Trade and Industry Minister Lance Adams-Schneider last

year directed the department to canvass the views of four major commercial groups: The New Zealand Manufacturers Federation, New Zealand Chambers of Commerce, Bureau of Importers and Exporters and New Zealand Retailers' Federation.

The Manufacturers Federation opted for disclosure at its February council meeting — a sharp switch from its previous policy stance.

Spokesman Perry Kerr said this was a recognition of the general move toward freedom of information, and federation members realised publication was unlikely to harm them.

But, like other groups

Crackdown on pro-forma invoicing

THE Auckland Fraud Squad is expected to begin a crackdown on the pro-forma invoicing racket that has been milking the business community of millions of dollars for years.

Pro-forma invoicing is the practice of sending out invoices for goods or services that have not been ordered. It is strictly a numbers game: if 1000 invoices are sent out, for example, there will be enough suckers who will respond by sending back a cheque for goods they did not order or want.

Large companies are particularly vulnerable because the

accountant paying the bills, further removed from the buying department than in a small firm, is more likely to pay on the assumption that someone has ordered the goods or services.

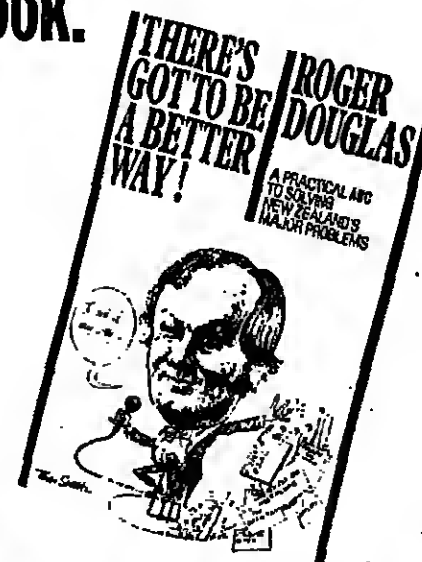
The publishing business provides the basis for most pro-forma invoicing cons. Unwitting accountants pay for listings in business directories of doubtful value or advertisements in magazines that few have heard of and few read.

Pro-forma invoicing is illegal under the Unsolicited Goods and Services Act of 1971. The

practice is widespread, but prosecution is rare.

A recent conviction under the Act has given the fraud squad a new shot of confidence. Sources predict this prosecution will be the first of many.

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The week

Agreed on disclosing import licence details

manufacturers see the need for exceptions where the information is commercially sensitive.

For example, in the case of a company wanting to import machinery for a new activity, full disclosure before the company was ready to announce the new venture could see a competitor gaining a commercial advantage.

Kerr said the lists will be so "huge" that the real benefits gained from publication could be doubtful; it was more a case of the federation's previous negative stance being outmoded in terms of the direction demanded by the public.

On the question of what would constitute commercially sensitive information, Kerr said it was hoped the Danks Committee would provide guidelines.

The committee has already acknowledged the difficulties of commercial confidences and import licensing: "Here the balance between the public's right to know and the need for privacy imposed by conditions of trade cannot be subjected to simple riling..."

Retailers' spokesman Terence Curry said three or four years ago the federation asked for disclosure; since then the policy view had been refined.

Retailers prefer a public register of import licence-holders to be held at all district offices of Trade and Industry to be available for perusal on request, rather than a general public document.

They also feel that, instead of absolute figures, the register should indicate the amount of licence held according to categories with an upper and lower figure. This category approach could protect companies where the information could otherwise be used by competitors to improve their market shares, Curry said.

The Bureau of Importers and Exporters says it has been opposed to full disclosure since 1967, when the issue was first raised, because of the commercial nature of some imports. But there are indications that the bureau may modify its stance and bring its members in line with other trade groups. Last week a spokesman said

the bureau had "joined hands with the New Zealand Chambers of Commerce". Legal background papers on the argument had been supplied to the Chambers of Commerce.

The Chambers of Commerce seem set to follow the lead of the manufacturers, but a definite policy line has yet to be firmed up.

Executive director Ross Martin said he believed disclosure was in the public interest.

He noted that the country was moving toward publication. Already holders of licences for a wide range of things was made public, including successful tenderers for Government contracts.

Disclosure of import licence-holders would be consistent with that philosophy, he said.

But while in principle this would be acceptable, a great deal of discussion was required on the practical aspects, particularly the difficult question of commercial confidences, he said.

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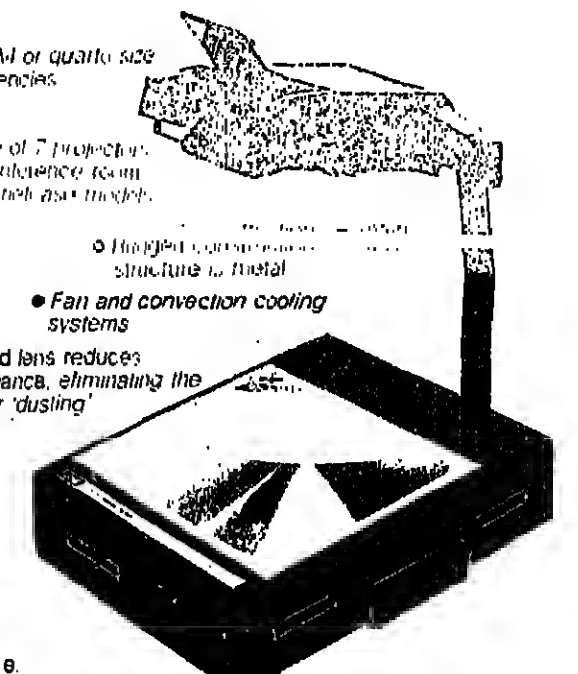
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Editorial

PATRIOTISM is the last refuge of the scoundrel, it has been said. But it would be wrong to suggest that a multitude of scoundrels marched through the streets of Auckland last week. They were a mob of ordinary Kiwis (the cynics might say sheep); people who worry when their milk does not arrive daily at the gate, who become irritated when their travel plans are disrupted, who become nervous when militant unionists are perceived to be threatening their lifestyles. And they desperately want leadership, a shepherd to secure their plush pastures.

SUP leader Bill Andersen (the Big Bad Wolf) huffed that their march had been organised by the National Party and the employers, and that it comprised mostly middle-class, white-collar workers. Even if that were true, he was on thin ice to imply that the National Party and bosses should not be organising mass expressions of contempt for the disruptive antics of their union brothers, or that marching in anger should be the preserve of left-wing demonstrators. But the march had all the appearances of a spontaneous eruption of hostility towards a union movement which had clashed head-on with the Government, regardless of the consequences for a public effectively held hostage, and had lost.

To underscore the extent of popular protest at the industrial disruption, a 22-year-old woman emerged apparently from nowhere to inspire one of the biggest demonstrations in this country for a decade. Ticker tape flew from shop windows; the national

anthem blared from a stereo shop; the crowd sang; people openly wept. Many poured from offices to join the march; thousands of bystanders applauded. It was heady stuff.

The marchers included numbers of retired people, former soldiers (some wearing medals), somebody from the far-off Waikato "representing 1000 brasses-off dairy farmers", a blind man, a disabled woman (who "didn't think I could do it but my friends and the cheers of the crowd kept me going") five National Party MPs and Air New Zealand staff proudly carrying the beleaguered company's flag. A volatile mix.

It was an awesome display of a popular eagerness to get New Zealand moving, a surge of unabashed patriotism. It was also a mass gesture of dissatisfaction with union militance, and with the way the country is being run generally.

From one perspective, the march could be viewed as a healthy expression of youthful vitality. Its leader was fresh, clean, young; her appeal lay in her political innocence. She symbolised the notion that youth is frustrated and can make no sense of the talk of an older generation.

More broadly, the march symbolised a yearning for a return to conservative principles and portended a sharp right-wing turn to authoritarianism. Generally it was good-humoured, almost benign. But there were signs of ugliness which, in their more extreme manifestations, gave cause for disquiet. Many of the marchers added a strong law-and-order element; others were crying for Kiwi-ism, mouthing slogans of aggres-

sive nationalism, even xenophobia, in their denunciations of Pomme unionists. TV news viewers were treated to the spectacle of some women berating unionists, seemingly prepared to tear them to pieces given the necessary provocation.

In an election year, party strategists must have recognised the implication. To tap the potential, however, they may be tempted to find more villains to hold responsible for our misfortunes. The trade unions have been useful whipping boys, but it would be imprudent to go too far. Even the most scrupulous politician must recognise that union-bashing, taken to extremes, can lead only to industrial war at a time when the cry is for domestic cohesion. The temptation, then, might be to find a foreign foe. The French, with their nuclear testing in our Pacific backyard and hard-line attitude to our dairy exports, for example. Or the Australians, who bowl underarm and rob us of the chance for a national celebration.

The Labour Party, of course, has been told - if the feelings of the marchers are shared throughout the community - that it needn't bother even entering the election race, unless it can swiftly disentangle itself from its traditional ties with the union movement. The best thing Labour can hope for is that by election time, some people might be feeling sorry for it, and that it might win a few votes from the sentimental among us who sympathise with an underdog.

The message for National is much more positive: it must proceed to advance unionism and nationalism, and to invoke the

symbolism of flag, Queen and country, maybe RnB Mulholland has let a big opportunity slip. He did not tell the marchers together, the country's fortunes would be restored. Instead, he told marchers that he had been a good girl and that, in fact, she could now leave things to him and his government.

That leaves Social Credit and its Heilmann, who has the distinct advantage of being plausibly and who exudes a required youthful vigour in a way that Mulholland and Labour's Bill Rowling do not. He can smile at old ladies too, while pulling in the frustrated young. But Social Credit has already identified itself to blame for our troubles (the marchers, has simple explanation for all his gone wrong, and is not tolerated by the police in government whereby it can be to have contributed to our difficulties. It league has made clear its attitude since, too, by spurning "think big" developments and the multinational favour of small businesspeople.

To a messianic mind, it matters not that league's policies are not understood, never work. The manipulation of such can be a powerful influence on behaviour. And to harness the model week's Great Queen Street March, Heilmann should take guitar lessons, learn a repertoire of revivalist hymns, and then prepare a detailed and boring manifesto for November.

B&L

Without word of a lie

Live, alive oh!

THE echoes of exploding flak were still reverberating in broadcasting circles last week as outraged Radio New Zealand executives sought the reasons why they were swept by privately operated Radio Pacific when Jim McLay made his speech on the great strike issues on February 27.

Being outdone by private people was one thing. But the fact that Pacific was the only radio station to carry McLay's speech live - with the help of corporation sound equipment - was another.

When we asked Radio New Zealand director-general Geoffrey Whitehead for his views on the matter, he growled: "Ask Bruce Crossan. He knows my views."

Crossan, controller of TV news and current affairs, was out of town when we went to press, but we're reliably informed he had nothing to do with helping Pacific to get the story first. He was, we're told, painting his house that day.

But it was pretty much panic stations on that fateful day as the nation's press gathered in the Beehive theatre to hear McLay's announcement. And when Pacific's Wellington reporter, Nikkin Sallee, asked in the midst of the rush, if this station could have a direct sound feed from Television New Zealand's electronic camera, no-one demurred as long as it didn't prejudice TVNZ's cause.

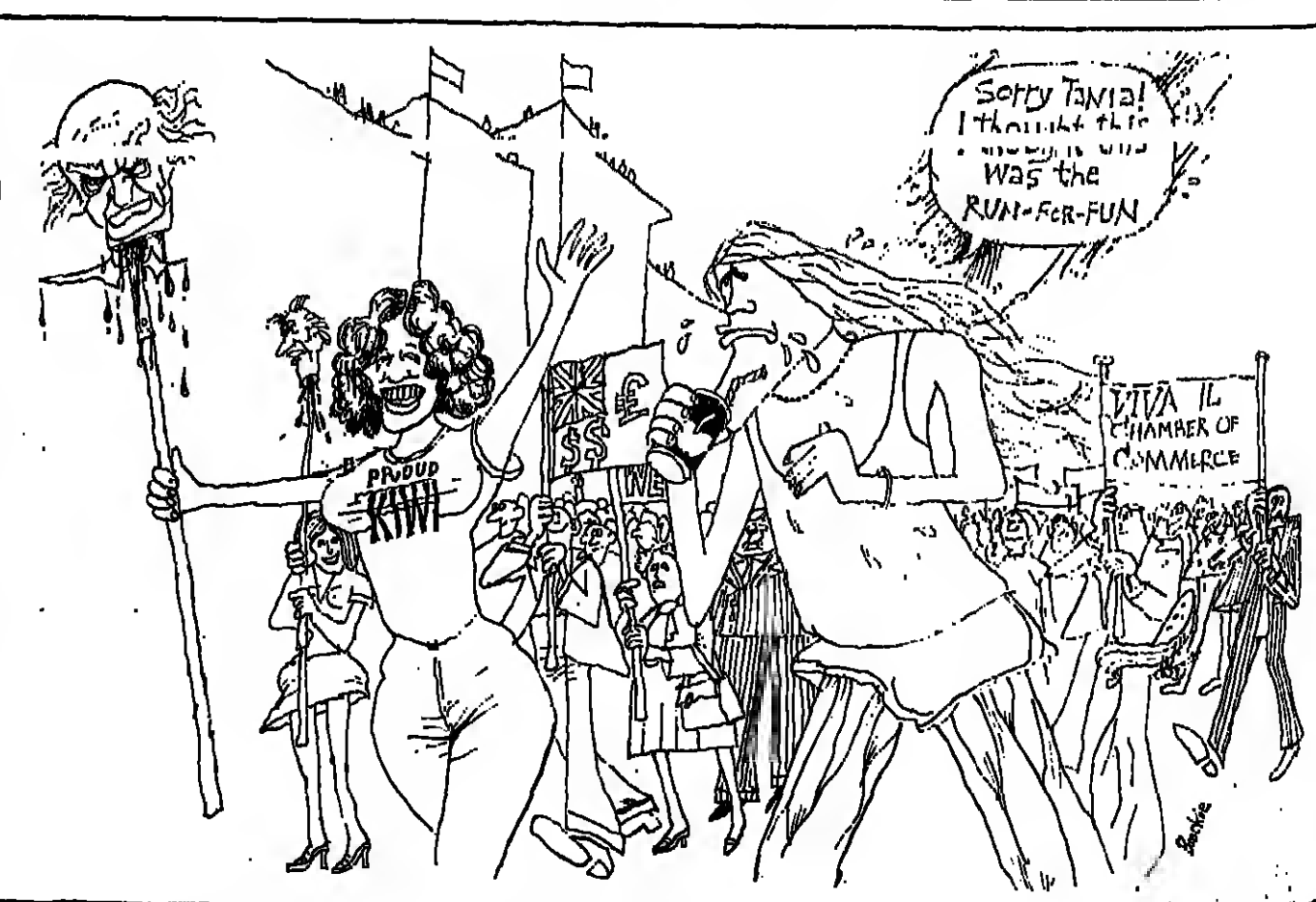
Which it didn't. Media people often do each other favours.

So Radio Pacific's listeners heard the whole thing as it happened. Apparently Radio New Zealand did not think to ask for the same privilege.

Taxing our loyalty

IF ever we needed proof of how devastatingly dire are the Inland Revenue Department's inroads into our pay packets, it was convincingly provided by Time magazine last week.

Brockie's view



Time printed a graph showing presented and projected tax rates for American wage earners under Ronald Reagan's regime. Even the present tax rates are enough to make the Kiwi taxpayer weep.

Americans on \$20,000 pay \$2013 in tax. That will drop in successive stages to \$1433 by 1984.

If you earn \$50,000, you fork out a mere 18.7 per cent, or \$9323, to Uncle Sam, and that will drop to \$6809 by 1984.

Even those lucky Yankees who pull in \$100,000 a year pay only 27.9 per cent in tax this year, and

by 1984, that pittance will drop to only 21 per cent, or \$21,009.

Dream on, 60 per centers.

Cheesed off

DAIRY INDUSTRIES Ltd, Butland Industries Ltd, and the Dairy Board have issued a writ (claiming \$50,000 each) against the New Zealand Magazine Publishing Co Ltd because of comments made about Cheshire cheese in last year's New Zealand annual.

Publisher Alister Taylor said he would "vigorously defend" the \$150,000 action.

The three big dairy concerns take issue with Michael McDonald's comments about Cheshire in an article headed "Cheese: New Zealand's making."

Butland and the Dairy Board had full-page ads in the same issue. Butland states that as a result of the New Zealand article it "has been brought into odium, ridicule and contempt, and has been seriously injured in its trade and business and suffered loss in sales of Cheshire." It also claims that it has incurred costs of advertising and promotional campaigns in the New Zealand Press.

Unemployment — planners miss the point

by Geoff Fougere

UNEMPLOYMENT has grown much faster than attempts to analyse it.

Public debate has focussed on the definition of unemployment and the number of people unemployed, but however they are counted, the numbers of unemployed are substantial and growing.

The first official attempt to go beyond counting is the Planning Council's report, *Employment*, published late last year. A second attempt, Link Consultants' report to Labour Minister Jim Bolger, is due this month.

Thus, there is time to assess the contribution of the Planning Council's report to public understanding and to suggest ways in which the Link report might represent an advance on it.

Unemployment is caused in two ways. Most obviously, it occurs where there are fewer jobs available than the number of people seeking work (the situation characterising the country at present and probably through the rest of the 1980s).

Less obviously, unemployment ("frictional unemployment") may occur even when there are sufficient jobs. Job-seekers may lack information about jobs, have the wrong kinds of skills, or lack motivation to take particular jobs.

This may have been the situation characterising the country in the 1950s and 1960s, and for those highly specialised segments of the labour market tapped by the Government's "think big" projects, it may remain a problem in the 1980s.

The Planning Council's analysis recognised both kinds of employment; its proposals related almost entirely to problems of frictional unemployment.

In other words, while the Planning Council had a great deal to say about how to ensure that job-seekers have adequate job search information, appropriate skills and incentives to take even low-paying jobs, it had almost nothing to say about how jobs can be sustained and created fast enough to employ all those seeking work.

This was unfortunate. First, it meant the Planning Council's proposals did not address the source of our current and likely future difficulties - an absolute shortage of jobs. Second, by not analysing the processes of job creation and job destruction, the Planning Council implied that the causes of unemployment lay with deficiencies of the unemployed: their lack of motivation, information or skill.

Curing these - as the Planning Council's proposals are designed to do - by implication

would cure unemployment. That is simply incorrect.

Labour markets always function imperfectly. Information about jobs and job-seekers flows slowly and unevenly across geographical and social boundaries.

Schools, technical institutes, universities and other training institutions are often early in adjusting the skills they teach or the numbers of people they teach them to. Even when appropriately qualified people can be found, the rewards of the job may be insufficient to motivate them into taking it.

In the recruitment of people to executive and other important positions, intensive efforts are made to overcome these difficulties. Jobs are advertised nationally and internationally, recruiting firms locate possible candidates, high salaries and expenses are paid and appropriate training, where this is necessary, provided.

Most of the Planning Council's proposals could be seen as advocacy of analogous services to be financed publicly and to cover those segments of the labour market unprofitable to private sector recruitment firms.

To make sure that appropriately skilled people were available for jobs as these occur, the Planning Council suggested modifications to the curricula and procedures of schools and other training institutions.

To solve problems of information flow about jobs and job-seekers, the council advocated the nation-wide extension and re-organisation of the Labour Department's employment services. And to solve the problem of motivation, the council suggested cutting the unemployment benefit to make even low-paying and demeaning jobs seem more attractive.

All of this might allow employers to acquire appropriately trained staff for the jobs they have available. How many jobs and what kinds of jobs, would not be affected by these proposals.

Employment did say something about the creation and destruction of jobs. Paradoxically, the consequences of job destruction received more attention than processes by which jobs could be sustained and created.

The destruction of jobs through plant closure and retrenchment causes anger and fear among employees. What staff can do about the threat of unemployment depends on the strength of their union organisations and the overall profitability of the industry.

The result has been widespread discrepancy in the incidence of redundancies and in the degree of compensation for them.

Without word of a lie

Inspection costs

A TEAM of European veterinarians is touring New Zealand (see story Page 16) to see if our meat export plants meet the spick-and-span hygiene requirements laid down by the EEC in 1971.

A decade and \$382 million later, the 10 vets are touring some 43 plants around the country - at our taxpayers' expense.

Our people suggested the visitors spend their own Euros on what essentially is an exercise imposed by them.

The EEC people diplomatically agreed, but insisted nonetheless that we foot the bill for their initial travel.

Sample cost: more than \$500 to charter a plane and ferry two of the team to Auckland during the Air New Zealand trouble. Total cost is reckoned to be about \$5000.

In the words of the song: "If the right hand doesn't get you, then the left one will."

Exaggeration

ON *Morning Report* the other day, our old mate RnB Mulholland was in mellow mood as he contemplated the Broadcasting Corporation's election year policy of giving Social Credit equal broadcasting time with the National and Labour Parties. No, he didn't think the National Party would be too bothered by the decision, (although he almost delightedly noted that the Labour Party seemed a bit jumpy about it).

Party chairman George Chapman was far from uncandid on the matter, in contrast, and made clear that the decision should be reconsidered.

So were he and Mulholland at odds on this point? The interviewer quite rightly wanted to know. Chapman neatly avoided confirming the obvious by replying: "That would be exaggerating the issue entirely."

Beware Greeks bearing...

THE Porirua Lions Club - ever-keen to provide community soulship, installed a model railway on a new reserve next to the motorway.

And you have to station the engine at all overnight to prevent rust and vandals, don't you? So our stalwart Lions put up a corrugated-iron affair and pruned their environmental consciousness by covering it with rocks, plants, and so on.

The Porirua City Council's response? That's property. And no-one can own property on a public reserve. Expect a rate demand next 21st!

RnB Lions are renowned as resourceful folk. Their response: make a gift of the "shed" to the council and let them worry about painting, doors, maintenance...

There's a rider, too. Rival Rotarians have put up a partially-roofed rose garden on the same reserve. If winter rains demand full roofing, does the PCC get another "gift" for ratepayers to maintain?

shortages in areas stimulated by "think big" projects. In other words, it set out those employment policies necessary to facilitate the "think big" strategy.

But there are other development policies, unformulated and unexamined in *Employment*, whose consequences for employment and for appropriate strategies for promoting it are likely to be quite different.

Implementing the Planning Council's proposals for dealing with unemployment may help employers to find suitably skilled and motivated staff, but will make little or no difference to those who are or will be unemployed. This follows from the Planning Council's failure to focus on the supply of jobs, the factors that affect this, and the impact of different economic strategies on these factors.

How can the Link report do better? First, it is unhelpful to focus on the deficiencies of the unemployed as the cause of unemployment. Given an absolute shortage of jobs of considerable magnitude, proposals that seek to remedy deficiencies of the unemployed will make little difference to the overall rate of unemployment.

Second, we need to know in detail about the supply and distribution of jobs as well as about that of people unemployed.

Where are jobs being created and where destroyed? What kinds of jobs are they? How many?

Third, what kinds of economic strategies will produce more, rather than less, employment, in the short, medium and long-term? Or to put it another way, what kind of economic strategy will best serve our social goals, of which full employment is one of the most important?

Fourth, if some level of unemployment is likely to continue through most of the 1980s, then how can its burden be most evenly shared and its human costs minimised?

If the Link report is to be a useful one, truthfully directing public policy and increasing public understanding, then these are the questions that it will focus on.

Geoff Fougere is a sociologist working at Canterbury University.

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Editor: Bob Edlin
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News & Features:
Colin James, Rae Mazengarb, Stephan Ball, Jack Hodder, Allen Parker, Ann Taylor

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Subscriptions:
Ian Dalziel

Auckland Bureau:
Warren Berryman
Gordon McLaughlin

Auckland Sales (Circulation & Subscription):
Frits Hermans

Auckland Office:
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Off Alameda & St Paul Streets, Auckland
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Who's hiding what?

Economics Correspondent

THE GOVERNMENT'S budget deficit broke \$2000 million in the first nine months of the budget year. At exactly \$2072 million, the record December deficit suggests that the deficit for the entire year will be substantially above the \$1260 million estimated in the 1980 Budget.

As Minister of Finance, Rob Muldoon commented when releasing the Public Accounts: "The deficit before borrowing customarily peaks in the third quarter of the year. The seasonal tax flow in the final quarter is expected to reduce the deficit before borrowing to a level in line with that budgeted for in the main, supplementary and additional supplementary estimates".

In other words, the tax take for the March quarter will be greater than Government spending in that quarter. The surplus in the fourth (March) quarter of the budget year will reduce the size of the deficit recorded in the three quarters to December.

The largest surplus yet recorded for a March quarter was \$418 million for March quarter 1978. A similar surplus for this March would bring the deficit down to \$1654 million, well markedly above the \$1260 million Budget estimate.

Even a surplus as large as \$600 million will not get the deficit down to the Budget target.

But wait a minute. A closer look at Muldoon's press release suggests that the Budget estimate is no longer the Government's target.

Somewhere hidden away in Treasury files or perhaps deeply within the Finance Minister's brain lies another estimate of the budget deficit which takes into account the main, supplementary and additional supplementary estimates.

We modest members of the public have not been told what this estimate is, so it appears that we have little choice but to accept Muldoon's word that the deficit before borrowing is in line with that budgeted.

The size of the deficit before borrowing is not a very important indicator of anything. It must be judged in the context of what else is happening in the economy.

The Government may have had very good reasons for adjusting its Budget targets.

But don't we taxpayers have a right to know what these reasons are?

According to the Minister, the main points about the public accounts are that growth in tax receipts is above the increase provided for in the Budget. Government spending is in line with total appropri-

tions (after taking account of appropriations in the main, supplementary and additional supplementary estimates) and there has been a reduction of the amount of cash in the public account.

Every attempt is made in the Public Accounts to give the impression that this Government knows what it is doing when it comes to managing public spending. It seems that the reality is the opposite.

The Government is so unsure that it needs main, supplementary, and additional supplementary appropriations to keep pace with the changing pace of government activity.

The main supplementary appropriations were set aside on Budget night in June 1980. They allowed for \$250 million more appropriations than those allocated to specific votes.

Supplementary appropriations were introduced in October 1980, less than four months after the Budget had been published. Additional supplementary appropriations were made a month later on November 25 when the Government introduced a mini-budget.

Using the supplementary votes to home in on Budget targets makes it difficult for outsiders to know what the Government is up to. Less than six months into the financial year, any department which is finding it difficult to live within its voted appropriation can ask for a supplementary appropriation.

The taxpayer does not know whether the Government intended to dish these appropriations out in the Budget, but did not wish to reveal them at the time or whether they became available because changing appreciation of economic events necessitated a change in Budget targets or whether it was simply a case that certain Government departments could not control their spending.

An economist trying to analyse the effects of changes in Government spending cannot distinguish whether Government changes in expenditure are automatic (built in to happen anyway) or deliberate.

One way of improving this state of affairs is for taxpayers to be given greater access to detailed information about the Government's budget. The increased freedom of information proposed in the Danks Report is a welcome advance.

But this will not clear up all the Government's budget management problems. There seems to be an unresolved conflict in the mind of the political wing of the Government between financial management and economic management.

According to very basic precepts of financial man-

agement, the books must balance. Outgoings must equal incomings. This suggests that the best Budget is a balanced one and the deficit before borrowing should be tending towards zero instead of \$2000 million.

Economists have a different view of things. The size of the budget deficit can vary according to the economic climate. In circumstances where there are people and resources which are unemployed, a deficit of \$2000 million may be justified, depending on what part of the trade cycle the economy was operating on (that is, whether we were heading towards a boom or a bust).

It's time that the economics of budget deficits got a fuller public airing. At the very least, the public should be told whether high deficits are a sign of poor financial or good economic management.

Comparing Government Activities with its Budget Estimates	1980 Budget estimates	Actual Budget transactions nine months to December	Per cent of Budget Estimate
Expenditure (net)			
Administration	694	570	82
Foreign Relations	529	407	77
Development & Industry	792	578	73
Education	1231	1054	86
Social Services	2443	1947	80
Health	1327	984	74
Transport and Communications	345	183	53
Debt Services and misc. Investment	954	742	78
Interest	—	103	—
Sub-Totals	8315	6568	79
Supplementary	250	—	—
Misc. financing Transactions	406	291	72
Total spending	8971	6859	76
Financed from:			
Income tax	5400	2814	52
Customs, sales tax, beer duty	1216	851	70
Highways tax	182	134	74
Motor spirits tax	137	101	74
Other taxation	219	171	78
Total taxation	7154	4071	57
Interest, profits & misc. receipts	557	410	74
Suspense accounts & trust account	—	306	—
Total receipts	7711	4787	62
Deficit before borrowing	1260	2072	164
1 Month spent but not yet classified. 2 Receipts not yet classified.			

No need to look this gift horse in the mouth

by Colin James

"WE find that whole communities suddenly fix their minds upon one object and go mad in its pursuit", says the preface to a book with the captivating title of *Extraordinary Popular Delusions and the Madness of Crowds*.

Had its author, Charles Mackay, still secure in his early Victorian rationality, been transported to Queen Street in Auckland last Tuesday he would, no doubt, have surveyed the throng before him with sceptical amusement — one of "those moral epidemics which have been excited, sometimes by one cause and sometimes by another," demonstrating "how easily the masses have been led astray, and how imitative and gregarious men are."

Or, to put it another way, and quote the Schiller dictum quoted in the book: "Anyone, taken as an individual, is toler-

ably sensible and reasonable — as a member of a crowd, he at once becomes a blockhead."

Con-men, demagogues and sharp sellers know this. The crowd is suggestible where the individual is not.

But Tania Harris is not a con-person, demagogue or sharp seller. Just a underbox.

Usually suggesting a march down Queen Street to show "we care" would raise only yawns or guffaws. Instead tens of thousands turned out.

You can't ignore a crowd like Harris's. They don't just happen because it's a nice day, as union protest organisers have found down the years.

So, however much crowd action may offend rational sensitivity, her march must be taken seriously. But taken how?

The key probably lies in the underlying shift of attitudes I suggested (NBR, January 19) is occurring or has already oc-

curred. The public has had enough disruption to their previously comfortable lives. They want relief.

To get relief from the economic and social strain that a no-growth economy imposes people are more ready to reach for radical solutions. Voting Social Credit is one manifestation; marching down Queen Street is another.

The skilful demagogue can turn such dislocations of normal behaviour to his or her advantage.

So, too, can a plain politician: the Prime Minister was quick to exploit the mood. A press conference on Tuesday; a speech to National Party women on Wednesday — "the people have had enough".

The past two weeks have been a godsend to him. An unsolicited gift from Jim Knox and the lads that, handled right, has the potential to set a band-



Jim Knox... Galahad to the rescue

wagon to November.

Industrial relations has been the Achilles heel of this National Government. Again and again it has talked tough — only to find itself outwitted, outmanoeuvred or outbluffed, or tied up in knots of its own making.

Voluntary unions — overwhelming votes in unions to remain compulsory. Penalties

against strikers — subject back-down over the Southland freezing workers in 1978. The Remuneration Act to rein in militant unions — humiliation over Kinleith.

The guy who said at the beginning of 1978 that union disrupters would get it where the chicken got the axe had looked increasingly like the chicken.

Two weeks ago the chicken was heter-skeltering over the arrest of the Ravensdown picketers under the Police Offences Act. We'll review the legislation, the Prime Minister said, and dutiful Jim McLay went off to see if the charges could be withdrawn.

Imagine, with that Government record to go on, that you are a union hater, spoiling for a fight. Imagine, too, that cool old Bill Andersen is stranded on the other side of the Tasman by — a delicate irony — a strike.

Would you not be tempted to have a go? Stir things up, get old Knox into the act, get a resolution or two from the Federation of Labour executive and some of the knee-jerk unions out in sympathy? Do a Kinleith?

So off they went a-picketing — except that it was in the baggage handling shed. How stopping Public Service Association members moving baggage could be construed as peacefully trying to dissuade scab labour from doing engineers' work some distance away would stretch even a union advocate's ingenuity.

With model solidarity, the Auckland Trades Council began pulling people out all over Auckland. Crisis, roared the news media. Crisis, jangled the alarm bells in the Beehive and Lukes Lane (FOL headquarters).

Jumping bean Jim McLay went off with another batch of prosecutions to consider dropping.

Pause again at this point and imagine you are a National Party supporter (or someone who has always leant National, but...). It looks like another cop-out coming up.

Now imagine you are Jim Knox. One tight burns searingly in your brain: some of the lads are in trouble. Pull on your Sir Galahad gear and go to their rescue.

Just like Kinleith.

But it wasn't. It wasn't over wages or legislation limiting wages; it was over some abstract right and New Zealanders are not too good at fighting for abstract rights even worse. It turned into an issue of law and order.

It wasn't a carefully controlled dispute, handled with tactical skill and long-running before outside help was asked for; it was a wildcat action.

It wasn't well and carefully publicised through the union movement, so the troops

knew what they were supposed to be fighting for; it was emotional, top-of-the-head stuff.

The support called for wasn't just a bit of sympathy money; it was a downpour.

In the old days Sir Thomas Skinner would have got on the blower, chewed a few ears, demanded complete FOL control of the dispute and told people to get back to work.

But these are the new days and maybe nobody would take any notice. Knox's style is (necessarily?) different: he is the workers' advocate, not their godfather. That is what he did at Kinleith and did not the troops worship him after that?

When the penny dropped to the Government as to just how far Knox had got himself up the creek without a sustainable solidarity paddle, it was all over.

Sid Holland won in 1951 by isolating a group of unions from the mainstream of the union movement. The delayed reaction of uncertainty among unions this time made it clear they would not unite, as they had in the 1979 national stoppage and over Kinleith.

All the Government had to do was wait — and win either way, with a quick collapse or an election at the end of a hard struggle.

Judicial Jim McLay took two days not to lift charges. The Prime Minister postponed decision on the FOL surrender from Friday to Monday's Cabinet (even though the "review" term had been agreed on a week before) and then the caucus on Thursday.

Banner headlines about industrial chaos; then banner headlines about a sandfirm Prime Minister; then banner headlines about a FOL back-down; then banner headlines of delighted MPs promising him a standing ovation; then banner headlines of spontaneous crowd reaction against the Pom-accented stirrers: he may not know much about it but he knows what he likes when he sees it.

I'll be surprised if he doesn't rake in near-record support in the Heylen Poll to be taken this Saturday. It was a virtuoso performance. He even got the airforce into the act with the Tasman airlift.

Now imagine once more you are a National leaver. The one thing surveys have been recording as your greatest criticism of the Government is its soft tone on the unions. Are you still wavering? Not a bit of it.

Imagine next you are one of those who under the frustration of strait has thought of voting Social Credit. Has not at last the Government shown some sign of frustration-lifting strength?

Then imagine you are a Labour leaver. Did you not win? No matter how skillfully Bill Rowling and his (well-controlled) colleagues distanced themselves from their disruptive "affiliates," no matter how little the unions really influence the party, you know that the masses believe it really is on the strikers' side.

It may not last. There will be other opportunities for Government backdowns.

But the Government has now got off the psychological back foot. Kinleith put it on. Next step, the Springbok tour punch-up. And then agreement with the FOL on a wage-tax deal?

Who, then, would look like the is in control, just like he said he would be back in 1975?

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distinctive styling that breaks away from the look-alike sameness of its competitors. This is enduring style — classic, strong, individual.

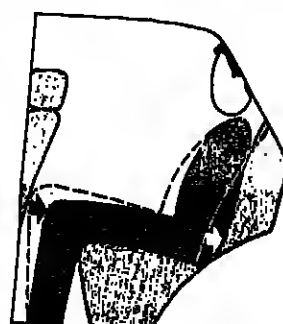
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TOYOTA Ahead in the 80's.

Deficit worsens

Economics Correspondent

OUR export momentum has slowed. Our terms of trade continue to worsen. Net invisible payments are flowing out of the country at a rapid rate. All this adds up to a deterioration in our balance of payments.

In its latest news release for the balance of payments (BOP) for the December quarter 1980, the Department of Statistics reported that, for the 1980 calendar year, the balance on current account was a deficit of \$952 million, more than half again as large as the current account BOP deficit for the previous calendar year.

The actual size of the deficit itself is not a great cause of concern. It represents about 4 per cent of our gross domestic product (GDP). Previous record deficits experienced during 1975 were more than 13 per cent of GDP.

What is cause for concern is the fall in the merchandise trade balance. Since 1978, there has been a surplus in merchandise trade.

The combination of reducing demand for imports and a rapid rise in exports created a condition where the value of the goods we exported was greater than the value we imported.

Our BOP deficit existed because of dramatic growth in the outflow of invisible payments (payments for transport, travel, insurance, interest on foreign loans).

But in the September quarter last year, the balance on merchandise trade slipped into deficit. Exports rose over imports again in the December quarter, though the trade surplus was slight.

There is some solace from the fact that outflows of invisible payments have slowed since last year. But net invisibles are sitting about \$1300 million for the calendar year, which is still quite a drain on our trade account.

Fortunes on the foreign trade front are not likely to improve for a while yet. At least, not according to latest reports of the Reserve Bank.

In its latest bulletin, the Reserve Bank reports that following a strong growth in trade volumes during 1979 (with the notable exception of oil trade), world trade is estimated to grow in volume by only 3 per cent a year in 1981. This is the slowest advance since the 1974/75 world recession.

The international economy is experiencing a generalised slowdown in economic growth, which has braked on inflation; but has had an adverse influence on employment and trade volumes. Most countries (again with the exception of some oil exporting countries) are in balance of payments difficulties.

The outlook is far modest growth at best by the end of the year, featuring a slowly recovering world economy, worsening unemployment, continued high inflation, and a continuation of large foreign account deficits.

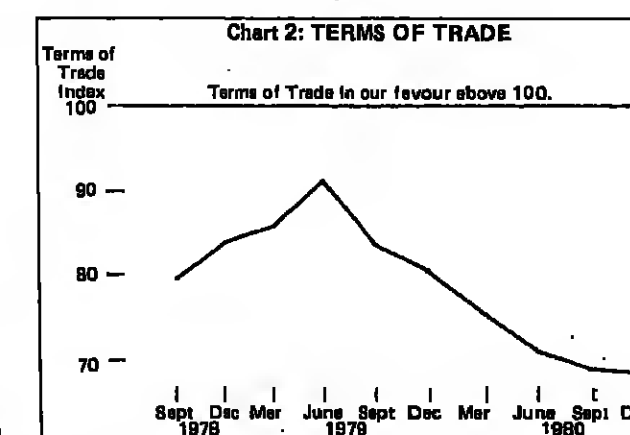
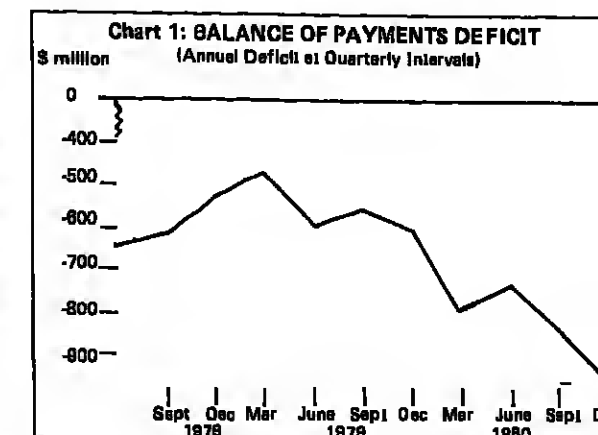
As a trading nation, New Zealand is not isolated from the influence of overseas economic conditions. The decline in world growth will be reflected in our BOP deficit and will feed through to the internal economy.

There will be drains on the money supply, a likely rise in inflation rates and production may slow down here.

The Reserve Bank says that "recent economic forecasts show a significant deterioration in New Zealand's current account deficit in the June 1981 year and widening further in the following trade year. In spite of relatively favourable export prices, a high rate of increase in import prices (reflecting larger oil price movements and the lagged effects of the 1979 upsurge in world inflation) resulted in the country's terms of trade deteriorating markedly through 1980".

The terms of trade are likely to stay at their current low level for the next year. And export volume growth, aided in the past year by the above-average performance of the agricultural sector, is unlikely to be repeated this year.

The forecast stagnation in world trade will dampen growth in our export earnings.



Things will not improve in 1982 because by then import volumes, which are projected to fall slightly this year, are expected to rise again. This will be partly in response to the requirements of the country's large investment in energy and industrial projects.

The Reserve Bank is worried that international inflationary pressures and rising energy prices along with wage in-

creases here will keep inflation high.

The only really good thing about going deeper into a balance of payments deficit is that it will act to moderate growth in the money supply, which may help to control inflation. Even so, the rate of rise in consumer prices is not expected to improve, but will probably remain about 17 per cent.

Summing up, the international recession will be felt here by adverse terms of trade and lower demand for our exports. The resulting lower real volume of export earnings will lead to a stagnation in farming income and spending by the farm sector.

This will have a flow-on effect to the economy as a whole. Further into the future, the

Reserve Bank thinks that major investment projects will provide a boost to the economy which should help induce a better rate of growth than we have recently experienced.

But the ability to sustain higher growth, they say, depends "on the country's ability to come to grips with the immediate problem of a persistent high rate of inflation."

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Analysing annual accounts: Vacation Hotels

Special Correspondent

HAS Vacation Hotels Ltd leached on to millions of dollars worth of cheap finance? Could the Auckland hotel operator have found a mysterious benefactor with a penchant for small tourist operators?

What other explanation could there be for the strangely contradictory information in the latest Vacation annual report? The accounts show the company has more than doubled its term liabilities, yet has enjoyed a 17 per cent fall in interest charges.

Certainly, the money would not have come from the Development Finance Corporation, because the Vacation directors were complaining only a couple of months ago that this body was charging 17.5 per cent for hotel construction advances.

The October 31, 1980, balance sheet shows total term liabilities increased from \$3,572,058 to \$7,211,380, consisting of secured bank loans of \$700,000 (\$1,100,000 last year), mortgages and other secured advances of \$6,121,385 (\$2,467,058) and registered secured debenture stock of \$389,995 (\$5000).

Yet the profit and loss account shows that interest on fixed loans fell 17 per cent from

\$600,299 to \$497,952.

And this is where the Vacation accounts let themselves down.

Like all balance sheets, "the statement of accounting policies and the notes to the accounts form part of and are to be read in conjunction with this balance sheet".

But turn to note two, dealing with secured creditors, and all you discover is that "the portion of term liabilities payable within 12 months of balance date has been included in current liabilities".

No clues there. Of course, there has to be a logical explanation for this apparent riddle.

The trouble is, it should have been fully disclosed in the annual report, either in the notes or in the chairman's review, for the benefit of shareholders.

The most likely answer is that the big increases in mortgages and secured advances probably occurred towards the end of the accounting period — the jump in the company's bill would not have been fully reflected in the interest charge figure for the year to October 31, 1980.

The balance sheet also shows a big increase in fixed assets from \$14.3 million to \$18.4 million, made up largely of an

increase in buildings from \$9.4 million to \$13.6 million, and that suggests a reason for the increase in borrowings.

Chairman J T Sheffield says that during the year the new 90-room wing at the Logan Park Hotel in Auckland was completed.

Such a project — based on a room cost of between \$60,000 and \$80,000 — could easily account for the increase in fixed assets and the jump in borrowings.

Similarly, shareholders have to be a little bit eagle-eyed when it comes to studying the company's reported trading profit.

After looking well beaten at the half-year mark the company fought back over the last six months to produce a 44 per cent increase in profit.

However, the report reveals that not all of the profit is of a true trading nature, and to assess the "quality" of the earnings an analyst must be able to separate such things as extraordinary profits and tax incentives and concessions.

Sheffield says in his review that the \$1,007,473 profit included the payment of a loss of profits insurance attributable to the latest year following the Queensdown hotel fire in 1978. But shareholders could do

with some assessment of how the payment affected the latest year's result, and how the loss of profits influenced the previous profit result.

As well, the profit benefited from a much lower tax provision (\$45,900 compared with \$130,263 in 1979), due to tourist promotion expenditure concessions and to tax concessions from the first-year depreciation allowances from the Logan Park additions.

But while the notes to the accounts show that the tax savings amounted to \$126,952 from tourist promotion expenditure, and to \$96,468 from the deduction of the specified preference dividend payment, there is no sign of the "substantial tax concessions arising out of first-year depreciation allowances".

But, on the positive side, the company does provide a particularly good breakdown of its revenue and expenses.

Vacation's total revenue increased only 7 per cent from \$15.3 million to \$16.5 million. But the handy breakdown of revenue into accommodation, food, liquor and "souvenirs and sundries", shows why total revenue advanced so slowly.

While accommodation was up 11.6 per cent to \$7.8 million, food was up only 2 per cent to



\$5.2 million and liquor also showed a low 8 per cent increase to \$3.2 million.

Though a much smaller amount, souvenirs and sundries also helped to drag down the increase in accommodation revenue, being down 22 per cent from \$313,597 to \$244,159.

Costs showed a surprisingly low 5.8 per cent rise to \$15.4 million with items such as wages and salaries rising only 6.57 per cent.

But here again the directors

could have explained how they managed to hold the rise in costs to a figure well below inflation rate.

The accommodation business is intensely competitive with slim margins and a heavy reliance on external influences such as airlines and the ebb and flows of tourist traffic.

Vacation appears to be doing a pretty good job of running a 11-hotel chain — so why do the directors tell shareholders more about the business they have invested in?

Timber . . . forest giants lost in the woods

Special Correspondent

WHAT'S happened to the sharemarket's forest giants? Are they extinct, or perhaps just slumbering.

Companies like Carter Holt, NZ Forest Products and Fletcher Challenge made all the running on the market in 1980 and helped to push the NZUC market barometer to record highs.

But this year investors seem to be overlooking the very stocks that captured their imaginations last year.

Many market insiders regard Carter and NZFP as real "bargain buys" because of the prospect of massive earnings increases in the March 31 1981 financial year, dividend increases, and the companies' strategic positions in the country's biggest growth industry.

Fletcher, now under the guise of Fletcher Challenge Ltd, rewrote the profit record books last year with huge increases in earnings.

All three companies shared in the sudden limelight which shone on the foresters.

But the market has downgraded Carter and NZFP just as quickly in the first couple of months this year. Admittedly the limited attention being shown to Fletcher Challenge is because the company is regarded as an untied runner, still to prove itself.

Instead, the buying interest from both private investors and focused on a group of specialist stocks.

This sudden shift saw an unprecedented rise in the market to January which is traditionally a firm, but quiet, month for the Stock Exchange.

Instead, investors came back from their holidays with a whole new batch of "buys" for sectors such as meat processors, liquor retailers, transporters and specialist manufacturers.

Names like Waitaki NZR, Southland Forestry, Carter Holt Timber, Ballins, Cable Price Downer, Lion, Henry Berry, Endeavour, Heddling, Freightways, National Insurance, NZI and South British, NZ Holdings, Rothmans Scott Group, TNL and Watties are the popular ones.

And almost left behind was poor old NZ Forest Products.

The company did have a brief flourish during January when the share price crept up to 430c, but that was due mainly to the fact the shares were cum a 10 per cent tax-free dividend and people piled in for a few weeks in the belief they were "buying" tax-free money.

But when the market got the skitters in February, first over the Winstone's Karioi mill difficulties and then because of the foot and mouth scare, NZ Forest Products was one of the hardest hit.

This was symptomatic of the apparent lack of buying support for the stock — though its sheer size in the market helped too (the bigger they are the harder they fall).

The share price tumbled a surprising 52 cents from the 430 high of January, and the week before last some lucky fellow was able to buy the shares as cheaply as 378 cents. However, last week's rally — as the burden of the foot and

mouth scare was lifted — helped NZFP back up to just short of 390 cents.

But on the "fundamentals" that the analysts are so fond of quoting, NZFP looks promising.

The company fell in the market's esteem during the mid and late 1970s due to an over-cautious dividend policy and industrial problems.

Fluctuating demand and prices for pulp and paper in the company's major export markets during an 18-month period to the middle of 1978 had a severe effect on earnings and the return on shareholders' funds was an unacceptably low 10 per cent.

However, 1980 was to have been NZFP's year.

The company had finally wound its profitability up and was set to earn \$42 million (the company's own estimate) in the March 31, 1980, year.

But the prolonged Kinkaid dispute put paid to that. The company's exports were badly affected and instead a profit of \$29 million was turned in.

Obviously smarting at the disappointing result, and determined to overhaul the company's battered image, the directors hoisted the dividend from 15 per cent to 18.5 per cent.

This year "Forests" looks set to have a clear run and a profit of no less than \$50 million is expected.

In the second half of last year the company's profit would have been \$24 million (instead of \$11 million due to the strike), and since this year's first half result was a stout \$22.6 million, the company appears well on target.

The first half result received a curious reaction from the sharemarket.

Though up 26 per cent, the profit did not please everyone with people having reservations about a smaller increase in operating profit and a lower than expected increase in export sales.

The directors also reported that the pressure of excess supplies of North American wood — much of it as a result of the Mount St Helens eruption — had caused some fall off in demand and pulp prices had steadied.

Despite that profit increase, the company's share price fell 16c to 410 the day after the announcement.

But the full year result could be a different story.

A profit of around \$50 million will provide a return of 69 cents per share; on capital adjusted for the partial takeover of UEB Industries late last year, compared with the 1980 earnings of 43 cents.

This should provide plenty of scope for an increased dividend — predictions range from a minimum of 20 per cent this year to 25 per cent.

The latter figure has been picked by some of the more enthusiastic brokers but it seems the company could surprise the pessimists with such a payment as the interim was increased from 8.5 per cent to 10 per cent and an increase in the final 10 per cent dividend seems almost inevitable.

Another aspect of NZFP

which is often overlooked, is the company's massive forest assets — and the conservative valuations placed on them.

As of March 1980 NZFP owned 202,589 hectares of forest lands which represented about 19 per cent of the country's total productive forests of 800,000 hectares.

To put this into perspective, NZFP's "sister" company in Australia, Australian Paper Manufacturers is "proud" of the fact that it owns 73,500 hectares of forests — only a third of the NZFP forest holdings.

The company cut 10,000 hectares of forests last year and has been planning at least that amount to replace the felled timber.

Compare this with New Zealand's total commercial forest plantings of 21,000 hec-

tares a year and APM's plantings in 1980 of 2300 hectares.

The best part is that at current prices for timber resources and land, NZFP's forest stocks are worth \$350 million — yet the book value in the accounts is a mere \$100 million.

In other words, NZFP's declared asset backing of \$4.05 per share is worth \$7.57 at going market rates.

Carter Holt is in a similar "bridesmaid" position in the market at the moment.

Carter has a relatively small number of shares with an issued capital of \$18 million, in dollar units.

Of this, well over 50 per cent of the capital is tied up; the National Mutual recently bought 17 per cent as an upshot of the Commerce Commission settlement of the Fletcher-Carter Holt takeover affair.

On a capital of only \$18 million this would provide earnings per share of around 55 cents, which would easily cover

Fletcher Challenge still holds 23.6 per cent, and the family shareholders are also sizeable.

Shares which are tightly held are always an attractive proposition because the demand for them is almost always greater than the supply.

Carter is another expected to produce a top result this year. Half-year profits were up 44 per cent to \$3.8 million, though the directors cautioned at the time that the second half-year may not see a rise of the same magnitude.

Last year's \$8.2 million trading profit should be comfortably bettered nevertheless. The second half profit last year was more than \$5 million and this year a full year result of between \$10 million and \$12 million is likely.

On a capital of only \$18 million this would provide earnings per share of around 55 cents, which would easily cover

an increase in the dividend from 18 per cent to 20 or 22 per cent.

In addition, Carter has some interesting developments coming on line — including the conversion of the Whirinaki chemical pulp mill to the thermomechanical process.

This \$40 million conversion will boost output from 200,000 tonnes per annum to 270,000 tonnes, and unlike Winstone's Karioi mill, Whirinaki has no marketing problems as its partner, Oji Kokusaku is happy to take most of the output.

With such important export oriented developments both NZFP and Carter are poised to reap tremendous benefits from the predicted forest boom in the late 1980s.

Sooner or later smart investors will realise this — but at the moment it seems the sharemarket can't see the wood for the trees.

IMPORT LICENCE TENDERING SCHEME CALL FOR TENDERS

Pursuant to the Import Control Regulations 1973, Amendment No. 3 (S.R. 1980/246) the Secretary of Trade and Industry, acting under delegated authority is calling tenders for import licences for the goods specified below. These goods constitute "Lot Six" and the closing time and date for tenders is 5.00pm, 6 May, 1981. Instructions for prospective tenderers and the general terms and conditions which apply to the submission and acceptance of tenders are set out in the Guide to the Import Licence Tendering Scheme. Copies of this guide and tender forms may be obtained from the Department of Trade and Industry and the Customs Department. Tenders should be addressed to the Registrar, Import Licensing Tendering, Department of Trade and Industry, Private Bag, Wellington. Tenders for "Lot Six" will be opened on 6 May, 1981 and official results will be published in the New Zealand Gazette.

LOT 6 — ROUND ONE				BRIEF DESCRIPTION		
TENDER NO.	ITEM CODES	TARIFF ITEMS	1st ROUND ALLOCATION	LICENCE UNIT SIZE	NO. OF UNITS A TENDERER MAY BID FOR	
1981/27	00.080	00.05.003 to 00.05.004		Men's and Boys' Outer Garments		
			\$300,000	Jerseys, pullovers, cardigans	\$15,000	4
1981/28	00.085	00.05.015 to 01.01.002 to 003	\$60,000	Costa	\$9,000	2
1981/29	00.090	00.05.023 to 01.01.011 to 012	\$300,000	Jackets	\$15,000	4
1981/30	00.085	00.05.036 and 038	\$420,000	Suits	\$21,000	4
	01.015	01.01.021 and 022				
1981/31	00.100	00.05.043 and 044	\$1,020,000	Trousers	\$20,400	5
	01.020	01.01.031 and 032				
1981/32	00.105	00.05.053 and 054	\$270,000	Other including swimwear	\$13,500	4
	01.025	01.01.041 and 042				
1981/33	00.110	Ex 00.05.081 and 082	\$630,000	Women's and Girls' Outer Garments	\$21,000	5
	00.115	Ex 00.05.071 and 072	\$180,000	Jerseys, pullovers, cardigans	\$18,000	2
	01.030	Ex 01.02.002		Costa		
1981/38	00.120	Ex 00.05.081 and 082	\$180,000	Jackets	\$18,000	2
	01.130	Ex 01.02.002				
1981/39	00.125	Ex 00.05.091 and 092	\$160,000	Suits including costumes	\$16,000	2
	01.040	Ex 01.02.025				
1981/37	00.130	Ex 00.05.101 and 102	\$480,000	Dresses	\$24,000	4
	01.045	Ex 01.02.025				
1981/38	00.135	Ex 00.05.111 and 112	\$180,000	Skirts	\$18,000	2
	01.060	Ex 01.02.041 and 042				
1981/39	00.140	Ex 00.05.121 and 122	\$30,000	Blouses	\$3,000	2
	01.065	Ex 01.02.041 and 042				
1981/40	00.145	Ex 00.05.131 and 132	\$480,000	Trousers	\$22,500	4
	01.080	Ex 01.02.081 and 082				
1981/41	00.150	Ex 00.05.141 and 142	\$120,000	Other including swimwear	\$12,000	2
	01.085	Ex 01.02.071				

- NOTE:**
- Tenderers should refer to the Customs Tariff and the Import Licensing Schedule for a definitive description of the goods included in the list above.
 - Tenderers should be conversant with the various statutes and regulations which importing enterprises are obliged to comply with, such as safety standards and duties.
 - Tenderers are reminded to use a separate tender bid form for each licence unit bid for. Each bid should be sent in a separate envelope with the tender number marked outside.

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Look out — here comes 'shareholder power'

Special Correspondent

LOOK out world — here comes the New Zealand Share and Debenture Holders Co-operative.

The new shareholder's organisation not only wants to subject company affairs to the most intense scrutiny, it also plans to "have a go" at some of the problems "bothering western society".

The Co-op came to light last month when it criticised the takeover bid made by a private company. White Haven Holdings, for the silying private ho-

spital owner, NZ Land Securities.

Secretary of the Co-op is one S J White, of 115 Queen Street, Pukekohe.

In a letter outlining the Co-op's aims, White sets out an ambitious plan which will not only bolster shareholders' muscle, but will tackle inflation, unemployment crime and will look into whether New Zealand should increase its population.

Phew!

But joking aside, the new

organisation has some pretty interesting ideas involving the setting up of branches of the co-op for shareholders of the individual companies, and the appointment of skilled people (on the company payroll) to provide shareholders with detailed information and audits on the company's business affairs.

White wants much more information made available to shareholders on which they can base their voting decisions at company meetings, and he

wants to encourage companies to use the services of shareholders prepared to make a contribution to the company.

The trouble is that White seems almost over-excited at the idea and sweeping statements pepper his introductory newsletter.

His ideas on shareholders' access to company information would make the most progressive directors faint dead away.

The Co-op will consist of a number of branches linked by shareholders, and a central of-

fice, but with apparently unlimited scope. "The branches will go after certain objects in companies, and assist the main body in this and other directions."

The Co-op wants to break the hold directors have over companies, find out details of the Directors' remunerations, and get "a heap of other information" for shareholders.

Its efforts will be directed to "doing things in better ways" and "the type of work which

might be undertaken could be surprising".

White says the objects of the organisation are primarily to "integrate shareholders' business work to promote national interest in the share sense, and observe the standards."

"It accepts the need to advance steadily, and consistently. It believes every group could contribute to receive satisfaction."

But White also intends a few directors down a peg or two. "Together we own the assets of property, or control over which is made, because we are on the enough information (see phasis) and we have no better organisation to press for."

"The result of this management of the whole has fallen almost entirely into the hands of a few: those who, though representative of shareholders, have in very much the same way, leaving shareholders wonder if their interest is promoted or protected."

White's next statement probably best left open to individual interpretation. "I direct, may also be of the system, which requires certain information to be kept to shareholders, they cannot be criticised for obeying the law, but they might be for doing to the letter, in such manner the usefulness of the system, meeting a year allowed shareholders, secreted their remuneration, and allowing the perpetuation of the ridiculous, quite undemocratic method of voting on matters which the scrutineer of information is provided."

White's solution is the appointment of one or no skilled persons as full time employees of the company responsible to the company branch of the co-operative.

This person would perform work for both management and shareholders keep shareholders fully informed "on any matter of shareholders wish", as well as make use of shareholders wish to participate in the running of the company and with people in similar positions in other companies.

That potential substance need have no fear that there will become carried out. "Integrity and justice are the watchwords of the watchdog of the Co-operative," according to White.

ing to White.

Overseas trade

\$400 million trade hangs on crucial inspections

by Allan Parker

A LOW-KEY, but crucial tour of meat-processing plants by 10 European veterinarians — to decide if New Zealand's meat export industry has been left with a \$400 million white elephant — will end this week.

The Government and freezing industry have gambled \$382 million over the last 10 years that this country can match the meat hygiene regulations imposed by the EEC if we wish to maintain that market.

At risk is \$400 million in meat exports each year, plus associated by-products.

"This visit is far more serious than this thing at Temuka the other day," is how one Government official described the visit by the five two-man

teams of European veterinarians. "We have been driving towards this moment for the past 10 years."

But a successful outcome is by no means certain. The EEC could still decide that New Zealand does not meet the standards for meat processing hygiene that it imposed a decade ago.

The Government and freezing companies, however, are confident that the improvements made since that time will satisfy the inspection teams here now.

Says the Freezing Companies Association: "No other country in the world can meet the same demanding standards of hygiene for as many markets as New Zealand. Our meat processing plants are among, if not the best in the world."

A Ministry of Agriculture and Fisheries spokesman agrees: "We can export to any country in the world we like."

But there remains that major hurdle to clear before the Europeans concur with these confident appraisals: Are our standards good enough?

The specifications for hygiene laid down by the EEC imposed conditions that were impracticable for the New Zealand industry to adopt.

Our scale of meat killing and processing is far larger than most European plants. For instance, some of the New Zealand plants can kill and process some 19,000 sheep and lambs a day and up to 1000 cattle. The European plants have nothing of a comparable size.

Thus the conditions imposed

were related to the European scale plants. Meeting them would have meant, in some cases, total plant re-design.

The final cost would certainly have been far larger than the hundreds of millions of dollars already spent by the country's 19 freezing companies.

"Their conditions were totally untenable; it would not have been feasible to comply with them," is how one Agriculture and Fisheries official described the requirements.

To avoid these conditions, the Government and the industry have worked towards introducing hygiene standards that, while technically not the same as the EEC specifications, are of an equivalent standard.

But the EEC has never in-

dicated its agreement to the "equivalents" question. Nor, NBR has been told, have the Europeans ever acknowledged our requests for them to be considered.

As one industry source told NBR: "That battle has still to be fought."

New Zealand has made two substantial submissions to the EEC about the principle of hygiene equivalents, the most recent last year.

But the difficulty in having those submissions accepted is that it would require new or amended legislation to pass the European Parliament.

The requirement on the New Zealand Government — and through it, the freezing companies — to upgrade hygiene is embodied in a document known as the *Third Country Veterinary Directives* (3CVD). The 3CVD is a subsidiary document to the *Intra-Community Veterinary Directives* (ICVD), which sets hygiene standards for EEC member countries.

The subsidiary document states that hygiene standards for third countries importing to the EEC should be "no less stringent" than the requirements for community members set out in the main ICVD document.

Thus New Zealand submissions to the EEC about its alternative hygiene standards must be considered in comparison to the parent regulations outlined in the ICVD.

Any change would, therefore, require amending legislation. And, anyway, the "no less stringent" condition is at best vague.

To date, New Zealand has only presented its submissions; it has not sought a decision from the EEC about the acceptability of the equivalents principle.

"We always fall short of

asking for a reply. We don't want a 'no', was one Government official's comment.

New Zealand hopes these equivalents will be accepted rest on three factors:

- The continuing consultations with EEC officials over the 10-year period;
- Australian and United States use of the "equivalents" principle in their hygiene-upgrading programme for the same market;
- A precedent in the form of a seed-testing equivalent established in 1977.

Only the first of these offers real promise; there has been a steady and continuous change of personnel and information between us and the EEC.

The second factor is supported simply because the Australian and Americans are leading us in our coat-tails in pursuing the equivalents principle — New Zealand has seen the hygiene conditions imposed by the community as far more serious on a national level than the other two nations.

And, finally, can seed-testing be realistically compared with the Sunday joint?

Some of the veterinarians will be in Wellington this week discussing official procedures for the new conditions with Government officials.

But New Zealand will not know the final outcome for some time. The EEC veterinarians are inspectors only and they will make their report to agricultural officials at EEC headquarters in Brussels, where the final decision will be made.

In the meantime, fingers will remain crossed that the September 1981 deadline imposed by the EEC will be passed with flying colours. And that the gamble has paid off.

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Signature

Tourism

Buenos Aires — Auckland flights are sellouts

by Lindsey Dawson

AEROLINEAS Argentinas' first five flights from Buenos Aires to Auckland are sellouts more than a month before the first flight takes off.

The high interest signals the beginning of a new boom in tourism for New Zealand, says Gary Tate, manager of Gateway Travel and Tours, which handles ticketing and reservations for the airline in New Zealand.

AA has received permission for monthly flights until August, and hopes to continue the arrangement until December. After that it is aiming for a weekly service, subject to New Zealand Government approval.

Tate said Argentina had a large class of wealthy people who were constant travellers, and there was great interest there in the new polar route to New Zealand, and on to Australia and Asia.

Under the terms of the agreement between the two governments, Aerolineas Argentinas can fly no further than Auckland; Air New Zealand picks up the onward business.

The director of the Auckland Expon Institute, Ross Southcombe, who has led two export missions to South America, says he is impressed with the trade potential from the direct air link.

"We're talking about a very wealthy country where their general living costs are greatly in excess of our own," he said.

"That makes New Zealand an inexpensive country for them to visit. Argentines think nothing of spending \$2000 on a beach holiday in their own country."

Southcombe said Aerolineas Argentinas started a Buenos Aires-South Africa run on the

same basis as the New Zealand service, which had quickly developed into a twice-weekly 747 service plus an all-cargo plane.

A similar development here would be good news for New Zealand exports, he said.

"Argentina is moving towards a free market economy and is dismantling import controls and tariffs, so the opportunities are there, although it's not easy to develop such a new market," he said.

But initially there will be no cargo carried on AA's 747 SP's. The flight over Antarctica is 12 hours long which means little spare capacity even for the ultra-long-range SP.

Freight may be carried in the summer months, said Tate, with the planes dropping in for re-fuelling at Rio Gallegos, at the southern end of Argentina.

"It's a fully operational airfield but in winter weather

conditions are often so harsh that it's not practicable," he said.

He took the Buenos Aires trip in November on AA's proving flight, and said it was a spectacular journey. Comfortable, too, despite its length, because all the seats are upholstered in soft leather.

But while New Zealand may be a great place for the Argentinians, Kiwi travellers will find they have to dig deep to enjoy holidaying in Buenos Aires. Argentina's recent inflation rate has varied between 80 and 300 per cent, and with middle-class incomes in six figures it doesn't make for cheap tripping for us.

Tate has been granted only 20 seats to sell on each flight. He said that some 35-day package tours had been arranged, with the first due to leave in May.

The basic return air fare will be \$1500, but a businessman with appointments in Buenos



The touriste' South America... Kwaia on the way.

Aires and Santiago, returning on LAN Chile through Tahiti, will have to pay the equivalent of the two one-way fares.

Tate said he hoped that negotiations with the two air-

lines might result in a cheaper package deal.

Retailers are bound to benefit from the Argentine invasion.

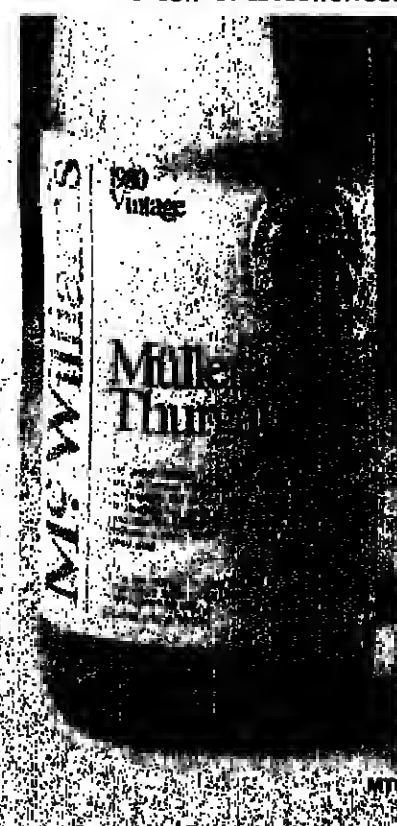
"They're the wealthiest

tourists in the world," said Tate. "Last year when they were here the Intercontinental opened up their shops for them at 2 am and they were just about cleaned out."

Trend Setters.



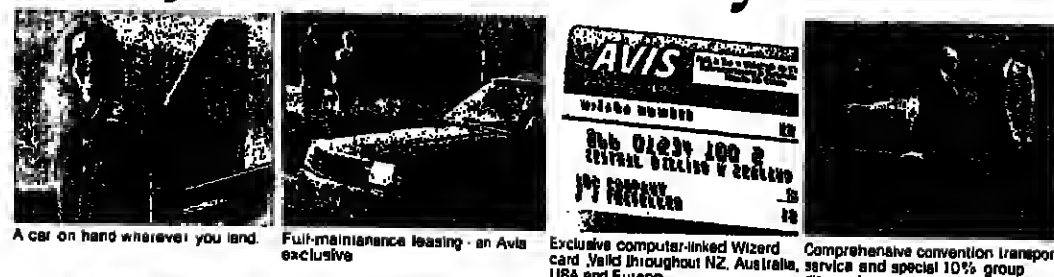
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Ken Gurney

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1 What is more important: Brilliant ideas or Advertising that really saves you money? Why not both?

You should expect brilliant ideas from an advertising agency. You should take it for granted that the agency you have employed to spend so much of your money is going to give you nothing less than brilliant ideas — ideas that will increase the sales of your products or service. The only real way an agency can save you money is by creating the right idea, then choosing the right medium to reach the largest number of the right people at exactly the right time — all within a pre-determined, mutually-agreed budget!

2 The first thing an agency must do is earn the total trust of its clients.

The best way to earn trust is to be open — and correct in the first place. Having agreed on a budget for an advertisement, a campaign, or even a whole year, the agency can foster trust by giving its client a complete breakdown of all the costs involved, from photography to finished art. The client can then see exactly where and how the money is being spent. In advertising language this is known as being "cost-accountable". Of course, cost-accountable also means making the advertising work in the marketplace.

3 Agency people should be annoying. They should pester you till they know everything about you!

You cannot expect someone to sell you successfully if they don't know a lot about you. Agency people should pester you till they know everything you can tell them about your products or service. The greatest failures in salesmanship at door-to-door and mass marketing level can be directly attributed to "LACK OF KNOWLEDGE!"

4 At least 75% of your money should go into displaying your message — in the right place.

Having agreed on the right message, it would seem logical to spend the greater part of your budget in making sure that it is seen by as many of the right people as possible. Ideally 75%-80% of your money should be spent in media, whether television, radio, press, magazine or a combination of them all. Media rates are set and controlled by independent authorities in New Zealand. Everyone is charged the same. Your competitor's message costs no less than yours. How your agency can save you money is by choosing the right media mix, to most effectively reach your target audience.

5 If your product is retail, you will know if your advertising is working within 48 hours. If not, it is not good advertising!

It is the true test of advertising to evoke an immediate selling response to a retail message. This is because increased sales of retail products can be rapidly gauged — and directly attributed to a particular marketing or promotional action. If you are not getting definite, immediate results in the till, it is not good advertising. There are no two ways about it!

6 Long relationships often breed complacency. When an agency loses enthusiasm, you lose.

When an agency and its client work together as a closely-knit team, constantly seeking better ways to increase sales, service or even just awareness, there is seldom lack of interest! The day the agency regards a client purely as a budget or an addition to its total billings — that's the day to take your budget somewhere else!

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Media

Musical chairs again in the PR business

by Gordon McLauchlan
TIMES have been tough for readers, but marvellous for image-makers since the start of the year.

As the music stops after the holiday revelry, many new sticky suited Public Relations bottoms are dropping into different chairs.

Longtime Air New Zealand public affairs controller Brenda Baldwin joins Malcolm Boyle in Baldwin Boyle and As-

sociates Ltd, based in Birkenhead, planning to do the intensive type of job for a few clients that they have got used to during their years of in-house corporate experience.

Baldwin, with the Auckland Star for seven years before joining Air New Zealand 12 years ago, has a reputation as one of the best professionals in Auckland. Boyle was with the Star, too, before joining Air New Zealand for two years and

was more recently with Allen Fenwick Ltd.

Air New Zealand is also losing Bob McLelland, public affairs editor, the man who brings out the airline's in-flight magazines. He has been offered the position of editor-in-chief of the Fiji Sun publications in Suva, subject to his getting a work permit.

McLelland is another Auckland Star veteran who has worked for Volunteer Service Abroad and has a special interest in the Pacific Islands.

Air New Zealand hasn't decided on replacements for Baldwin or McLelland. It may follow the course of many other international airlines and farm out its in-flight publications to specialist organisations.

Allen Fenwick Ltd has replaced Malcolm Boyle — and then some.

Former Auckland City

Council information officer Blair Harkness has already started and John Bridges will join from Neilson McCarthy next month.

But business has grown, says Cedric Allen, and the consultancy had had to put on two more staff: Michael Holmes, formerly a Palmerston North man for The Dominion, and Kathleen Sumner, from the Hawick and Pakuranga Times.

The extra work has come from growth of services to existing clients and the addition of the forestry section of Fletcher Challenge, including Tasman whose work Allen Fenwick has done for some time.

Following Harkness's move, the city council decided to revamp the information department. It has created three jobs where there were only two. The assistant information officer, Bev Hume, becomes the public relations officer, and the

post of public affairs officer (to handle media people) will be advertised.

The new job is marketing and public affairs manager, who will control the department. When the job specifications are complete, it will probably be advertised.

Neilson McCarthy's manager in Auckland, Geoff Mowday, says he will not only be replacing Bridges but will be adding to his staff because of "client growth since Christmas", on which he would not elaborate.

Neilson has not been expanding in Wellington, however, and has arranged with Findlay Kitching and Associates to handle its affairs there.

Mowday denied it was a Findlay Kitching takeover in Wellington, saying carefully: "We have placed the Wellington business, by mutual con-

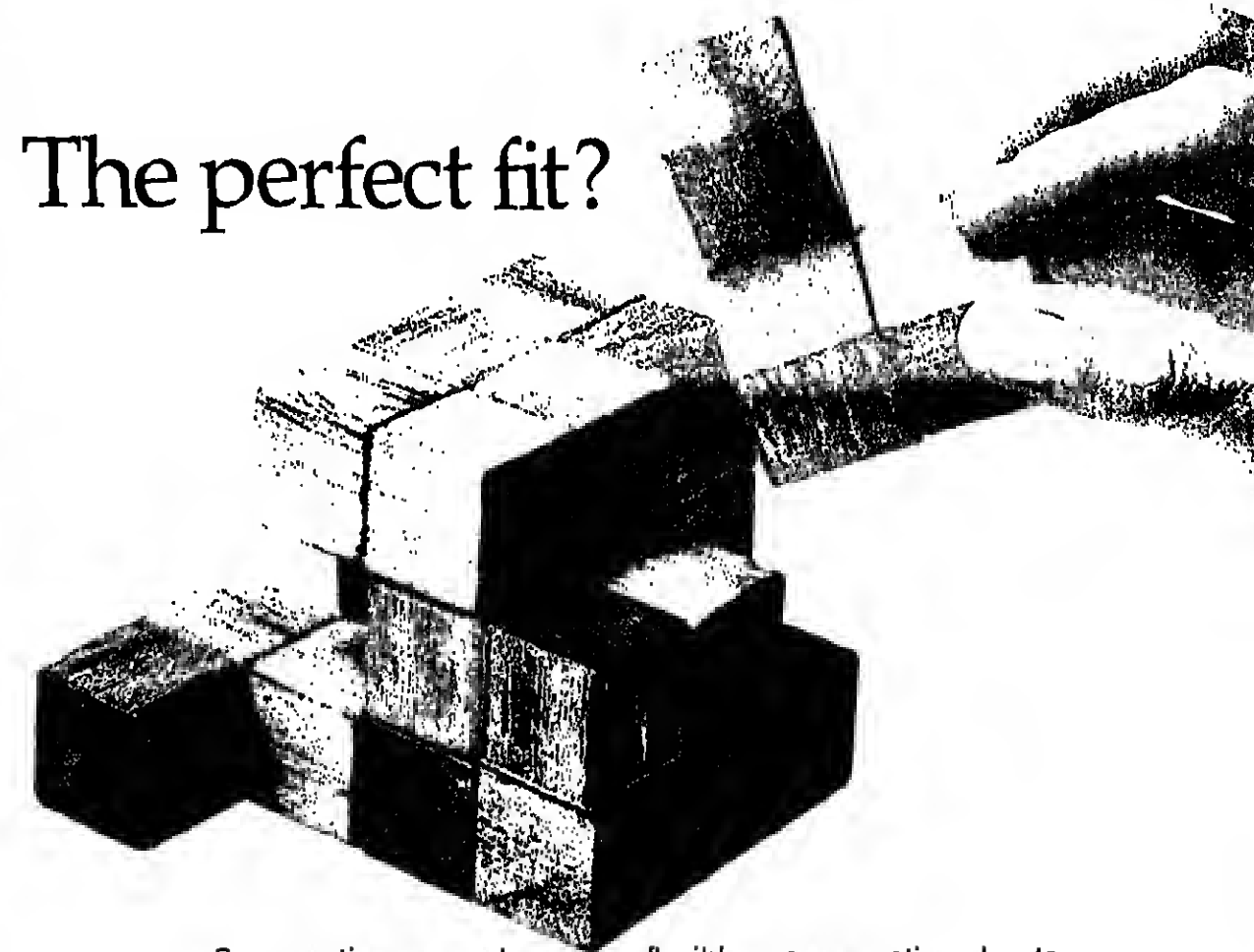
sent, with Findlay Kitching and this means that to all intents and purposes Brian Kitching is operating the Wellington end of Neilson McCarthy."

In Wellington, Tim Burns is back at Eric Whites from Neilson McCarthy — which affords, he says, some "job security". He has taken the Private Hospital Association contract, which has now done the full circle.

Former Neilson McCarthy staff in the capital have all gone to Eric Whites now Findlay Kitching and Associates have taken over the name and some of the contracts.

There seems to be, for the moment, a pause in the PR musical chairs game, but with the number of chairs left empty it's a certainty that the music will stop again soon and PR men will be sent diving for a resting place faster than a felicitous phrase.

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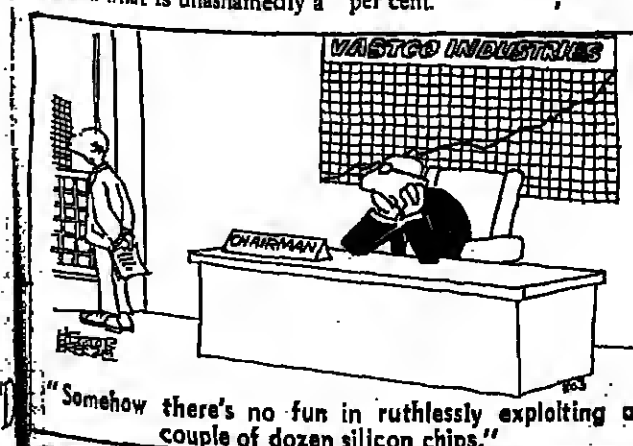
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Publishing

ONE of the country's most profitable book publishing companies, in relation to size, is Longman, which has quietly bought three educational publishing operations in the past two years and now commands about 33 per cent of the secondary school market.

In 1979, A H and A W Reed Ltd was helped out of a financial crisis when Longman stepped in and bought its substantial educational backlist, more with the purpose of

Longmans moves into school book trade

gaining the Reed authors than any books extant then. Last year, the company acquired the Associated Book Publishers educational department and also picked up a small

company called Nexus, which specialised in maths books. The Government, through the Education Department, dominates educational publishing in New Zealand with

Longman next, followed by Heinemann Educational and the specialist primary school company in Wellington, Price Milburn. Both Reeds and AMI were

losing money when Longman picked them up and the subsequent bigger piece of the market share has enabled the New Zealand arm of the multinational Longman-Parsons Group to move into a powerful position, specially among secondary schools.

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DEPARTMENT OF LABOUR — helping New Zealand work

Science and technology

NZ anti-cancer drug soon on world markets

by Lindsey Dawson

THE New Zealand anti-cancer drug Meta-AMSA should be available in several countries next year.

Registration of the drug is almost complete in Belgium, Holland, France and Germany. Trials are also well under way in the United States, and applications for registration in Australia and New Zealand are

planned before the end of this year.

The registration procedure is lengthy. It takes several months after application before a drug is available for use.

Meta-AMSA was developed by a cancer research team in Auckland under the leadership of Dr Bruce Cain. His sudden death early this year dealt a blow to the group but work is

running at full pace under the interim directorship of Dr Bruce Baguley.

The American multinational pharmaceutical company, Warner-Lambert, has a \$300,000 investment in the research programme, and the vice-president of its pharmaceutical research division, Dr Edward Elsager, said in Auckland that the company had every confidence in the ability

of the team to continue to produce results.

"They're a great group of people," he said.

Discovering a drug is not the end of the job. Research will continue for many years to work on different ways of using Meta-AMSA to fight cancer.

So far the best results have been obtained with leukaemia and lymphatic cancer.

"This was the first new leukaemia drug for 10 years, and it works where other drugs have not," he said.

"It's disappointing that the response to solid tumours has not been as good as we had hoped, but the jury is still out on much of the work that is being done."

Clinical testing was under way to try Meta-AMSA with combinations of other drugs, he said.

Elsager was in Auckland to attend a workshop held annually by the research group to inform Warner-Lambert, the Cancer Society and the Medical Research Council of work in progress.

The New Zealand project is one of few groups which Warner Lambert helps to finance outside of the States.

"It's very rare to find a research group like this outside the pharmaceutical industry

where there are so many people from different disciplines involved. This team works so well we will continue to give them our fullest support."

The Development Finance Corporation acted as "marriage broker" between the Cancer Society and Warner-Lambert, and its applied technology manager, Owen McShane, told scientists at the workshop that the DFC was interested in financing further.

"Following satisfactory progress with Meta-AMSA and the success to date of the high-temperature enzyme project in the Waikato, in which we have \$250,000 invested, we're investigating other avenues of investment in biological engineering and pharmaceuticals," he said.

The DFC is now looking at the application of genetic engineering techniques to heat-resistant enzymes.

Government administration

Island in sun; now (expensively) public property

by Lindsey Dawson

ONCE upon a time there was a little green island in the Bay of Islands. One day in 1967 an American millionaire clapped his eyes upon it and said "gee whizz, I'll buy it," or words to that effect.

That's how Will Reynolds, descendant of the Reynolds Tobacco Company, of North Carolina, came to buy Waiwatu, 112 acres of grassy knoll nestled close to Orupukapu.

Not one to put up barriers to his land, he posted a sign welcoming all visitors to the place and asking them to take good care of it.

He ran a few cattle on the island to keep down the grass, because he didn't want it to be a fire hazard, and along the way paid up to \$900 a year in rates to the local council.

But not long after Reynolds bought his little gem, the New Zealand Government decided it didn't like the idea of foreigners buying up bits of Godzone and passed a law against it — unless the said foreigners got special permission.

This action disgruntled Reynolds and soured his idea of having a pet island that everyone could enjoy.

So when he heard last year that the Government wanted his little piece of New Zealand, he decided he'd sell.

He'd paid \$25,000 for it back in '67. New Zealand was willing to pay \$215,000. So he didn't do too badly.

Waiwatu is now part of the Bay of Islands Maritime Park. Anyone can visit it, just like before, and it's still a grassy, undeveloped hunk of land, just like before.

But the taxpayers have forked out quite a lot of funds for the place.

"I find it hard to see the point," says Auckland sharebroker Warren Sandman, who handled Reynolds' New Zealand business affairs.

"I happen to know that Reynolds was going to leave the island to the people of New Zealand in his will, so it would have passed back to the country anyway."

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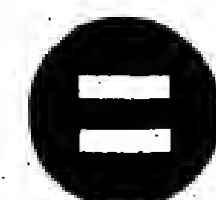
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Sacred phenomenon

Beetham: right man arriving at the right time

by Colin James

BRUCE Beetham is an able politician. One of the ablest around in this country. Social Credit made a good buy when it took him on board.

He has been strategist, organiser, father confessor, up-dater and frontman. The modern Social Credit Political League can in a real sense be called his creation.

Without him, it would most likely have disappeared, or been reduced to a futile band of irrelevant monetary apostles. With him, it not only survived, but got a parliamentary foothold and opinion poll respectability.

Social Credit's debt to him is immense. And recognised. Beetham will have a place in the league's panoply similar to that of Michael Joseph Savage in Labour's.

But, then, Hamilton Soereds were quick to realise that a big fish had swum into their net when he first turned up after the 1969 election. A history lecturer, with degree, and presentable. Just the thing to give the league respectability.



They found that he had taken the trouble to think through the monetary theory and convince himself slowly and carefully. He could—and promptly did—analyse the league's past successes and failures and offer up a forward strategy in a way no one else could.

They snapped him up. He was quickly on to branch and regional executives and at the 1970 conference brought on to the research committee, where his work brought him wider recognition.

From there to vice-president, stand-in president because he was the only vice-president not identified with a faction when the post fell vacant during the John O'Brien feud year—then leader.

Then they found that not only had they got themselves an intelligent and level-headed forward-thinker, but a television star to boot. There has never been any question of supplanting him since.

Yet to the outsider at the time, he seemed in some ways an unlikely leader.

For example, he had—and still has—rather too bookish an air about him. However natural, direct and charismatic he is on television, he is most un-charismatic on stage.

Respectable, he reads his speeches in a largely unrelieved urgent monotone, his only concession to oratory being to lean back from the rostrum from time to time or to raise his voice at the end of an often too-laborious point.

Example, taken at random from a pile of his speeches:

"Both other parties have gone hell for leather in an attempt to see if they can beat George Orwell to the achievement of the depersonalised and dehumanised bureaucratic state of 1984", he lectured an East Coast Bays by-election crowd.

"By progressively removing the opportunity for real initiative and enterprise, both have psyched and hypnotised the people of New Zealand into an attitude of defeat and then

simply left them to sit impassively on their backsides on the sidelines and watch the disastrous process of either state agencies or internal monopolies, in alliance with foreign multinationals, moving into the economic vacuum and entrenching their spreading tentacles of absolute control".

What the average voter with a reading age of 11 makes of that, what even the enthusiastic Social Credit member makes of it has always mystified me.

It doesn't matter, of course, as far as the voter is concerned. On television Beetham uses simple words and a cool, low voice to make his points—and it is through television that politicians communicate these days.

For Social Credit members it has often seemed to me the key to acceptance of these long flights of didacticism in place of the "up-and-at-em" rally style that is usually expected of leaders is their deep trust of him.

IS politics your life? — Yeah. Ninety-five per cent, 100 per cent? — Yeah, for the time being. I am single-minded in that respect. I give it everything I've got. More than I should probably.

In this eighth article in a series, Colin James continues his examination of Bruce Beetham, the skilful, dedicated man who leads Social Credit.

He is the man who knows better than they do. At first, this respect had the air of the simple villagers' respect for the learning of the local schoolmaster or doctor. They were politically naive and amateurish and academic bigwig Beetham

must know more than they.

Now he has behind him a string of successes to testify to his greater insight and precision.

But there is also another, important element. Social



Sacred phenomenon

... steering 'Beetham party' along a centre course

Crediters are, by and large, not the rabble-rousing — or rubble-rousable — sort you often find in other parties.

They tend for the most part to be unpushy people, who usually believe politics can and should be nice. Beetham's careful, reasoned speeches are their cup of tea, even if they do have trouble with some of the four-syllable words.

The speeches have the air of having been written to be read (later) rather than read out.

What they say about Beetham is that he is earnest, he is thoughtful, he is careful, he is dedicated.

He brings a genuine respect for the calling of politics that contrasts with the large doses of cynicism and frivolity one finds among those who treat it as a trade.

We came back again to that word "single-minded" he uses about himself. He lives politics, with little time for anything else.

An example is his relationship with women. Beetham's good looks and congenial dark rings under his eyes have encouraged his opponents to spread rumours that he "wommoises".

As far as I can discover there is not a shred of evidence for the rumours. Social Crediters who have travelled extensively with him say he does not take up opportunities.

Beetham is philosophical about the rumours, claims that

his only vice is heavy smoking.

The smoking may betray a need to take the edge off the nervous pressure that goes with being the politician the two older parties hate more than they hate each other.

That he withstands the pressure as coolly as he does for the most part is another indication of considerable internal strength. Someone less cool and cunning might well have long since blown Soereds' chances. Instead, Beetham has ex-

ploited every opportunity to increase those chances.

He came in at the right time. O'Brien took with him when he left to form the New Democrat Party many of the cantankerous right-wingers, leaving Beetham with a demoralised, more pragmatic element to mould into a modern party.

He restored morale by saving their electoral bacon in 1972 and (just) withstanding the worst Values could do in 1975.

He reinforced the pragmatists' belief that failure to get rid of the Douglasite image would spell eventual extinction.

Accordingly, he had a much freer hand than any previous leader to rebuild and reshape — a much freer hand than even a Beetham of 10 or five years earlier would have had.

Les Hunter, former deputy leader and now Bay of Islands candidate, recast the monetary policy to conform more closely to economists' jargon. The purist Douglasites did not like it, but the rank and file did. There are now no significant arguments about the "technique" of social credit.

Apart from giving Hunter elbow room, Beetham himself has played a secondary role in this development. He has been more at pains to recast the other policies — to rid Social Credit of the old right-wing image and to place it in the middle of the policy spectrum.

Facing Nationalwards, Social Credit talks of the freedom of the individual and a "property-owning democracy". Facing Labourwards, it emphasises social democratic concerns such as education, health, welfare, prison reform and conservation.

More recently, Beetham has been emphasising the theme — dear to former president George Bryant's heart — of the "philosophy" of Social Credit, which stresses the rights of the small, ordinary people to live decent, affluent lives, uncrushed by big corporations and big unions.

Beetham has skilfully reinforced this development this year by his parading of two British Columbian Social Crediters, Hugh Harris and Bill Ritchie, who talked of Social Credit as if it were only "fiscal responsibility". Beetham is at last within striking distance of getting Social Credit permanently off the "funny money" hook.

Is Beetham, then, some juggernaut, sticking new labels on Social Crediters whether they fit or not?

No. He told Geoff Chappell in 1978 he felt his strength lay "not in the field of ideas, for I tend to derive my ideas from others in the league".

In an interview with me last month, he said: "I'm a reasonably good administrator. I'd say I was an excellent co-ordinator."

His skill has been to encourage others to develop policy that fits his own preferences.

At conferences he keeps a close eye and ear on discussions and is quick to intervene if something is impractical or not to his liking. It goes down without a murmur, a sharp contrast with the way the two older parties' conferences resent attempts by their leaders to heavy them.

Guided democracy, you might call it. The result is a remarkable degree of harmony in an organisation that once was repeatedly wracked with doctrinal wrangles.

For this, you see, is the Beetham Party.

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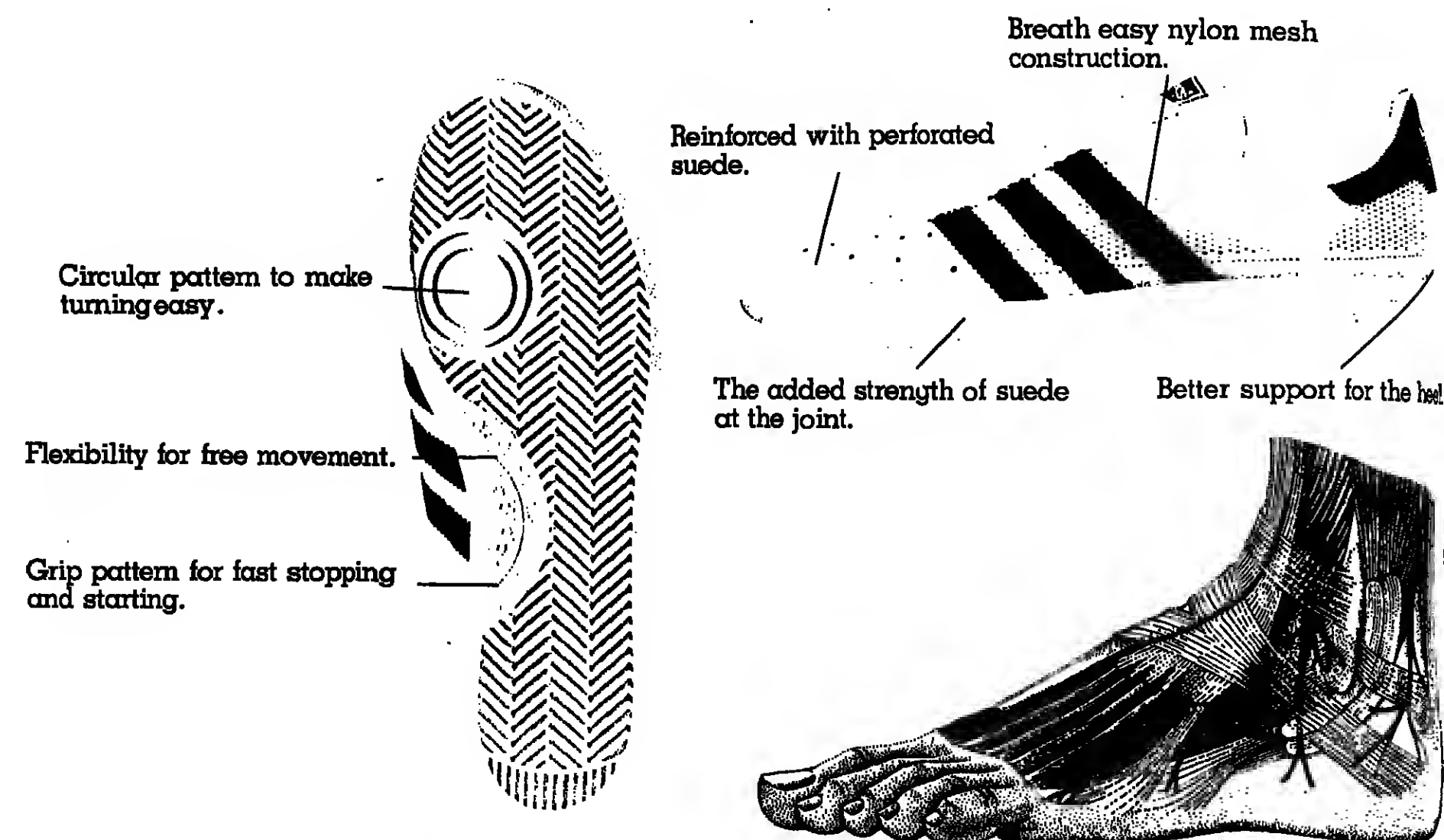
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Some advice from Dr Lloyd Drake.

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As a result of their poor design you get tight calves, sore arches, aching ankles...

Even pains in the back.

Just what you don't want to take to work with you.

But these problems are minor.

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As Dr Lloyd Drake the sports medicine expert says...

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Playing squash you need a shoe that allows you to do more than just run and stand on your toes.

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So you'll improve your game and get more enjoyment out of staying in shape.

Look at the sole of the adidas squash super. The circular pattern under the ball of the foot is

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The grip pattern will help stop and start fast, that's what squash is all about.

For extra good wear the sole is thicker at the toe and heel.

The upper is made from strong, breath easy nylon mesh. The toe area is reinforced with perforated suede, and so is the joint where the upper is attached to the sole, a weakness in most other squash shoes.

Adidas squash super shoes have a padded insole to eliminate the jarring of the court.

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Play in a shoe designed for the game.

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We all recognise him as the man who played thirty-eight tests for New Zealand, and scored sixty-six tries in the All Black jersey.

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"They're comfortable, they give good support, good traction, and minimise any stiffness that can be distracting at work."



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The New Zealand Herald

Lead in petrol: A burden we may not need

by John Horrocks

AMID the confusion of CNG, methanol, ethanol, and synthetic petrol one possible transport fuel with important economic and health advantages appear to have been overlooked.

This is lead-free petrol, which is already on sale in the United States and will be introduced throughout New South Wales in 1984.

New South Wales Planning and the Environment Minister Eric Bedford announced this decision last year in language that, in this country, would have seen him labelled as a rabid environmentalist. The health of the people, he said, should take precedence over competing commercial interests.

Lead is a cumulative poison that can harm human health even in low concentrations, Bedford claimed. "The toxic effects of lead on children give rise to particular concern. Lead can damage children's developing nervous systems, causing reduced intelligence, hyperactivity and loss of concentration."

Added to petrol as an octane-booster, lead alkyls are a hazard not only to people who regularly handle petrol, such as garage attendants, but, through combustion, also give rise to other lead compounds which are efficiently distributed over the country in the form of a fine aerosol. Each year about 1300 tonnes of lead enter the environment in this way in New Zealand.

This lead can be absorbed either through breathing, or as dust on food. Once in the body, it accumulates in places such as the liver, kidneys and bones. This was illustrated recently by a study of sheep which had grazed for six months on a strip beside the Napier-Dannevirke

highway. After this period their kidneys and livers were no longer fit for human consumption because of high concentrations of lead.

The New South Wales move towards lead-free petrol has been spurred on by Sydney's visible air pollution and a widely publicised and disturbing report that linked poor school progress and behaviour with body lead levels in city children generally regarded as "normal".

Like other studies, such as those of Dr Herbert Needleman of the Harvard Medical School, this work highlighted the effects of subtle, low-level effects of lead. The Australian National Health and Medical Research Council accepts the possibility of such effects and the State Pollution Control Commission in New South Wales also points out that ethylene dibromide, added as a "scavenger" to petrol to help remove lead deposits from the combustion chamber, is as suspected carcinogen and mutagen.

Health effects apart, the New South Wales Government has promoted lead-free fuel as a way to reduce vehicle maintenance costs and to save petrol. In this country, by contrast, the debate about lead in petrol has concentrated on the health aspects. Even though the Health Department's own measurements show that central Auckland and Christchurch have for some years had air lead levels that exceed the limit set by the United States Environmental Protection Agency, the official view at present is that there is no justification for urgent action.

This complacency means that the option of producing lead-free fuel at the expanded Marsden Point refinery has not been seriously considered. As long ago as 1974 the Clean Air



Marsden Point... lead-free fuel production not considered.

Council recommended a reduction in lead levels on health grounds and proposals for lead reduction were, in fact, included in the debate about the environmental impact of extensions to the refinery. The economics of lead reduction are, however, much less attractive than those of entirely lead-free fuel.

One argument against lowering the amount of lead in petrol is that this can require severe refining of the crude oil to produce more high-octane hydrocarbons to make up for the loss of the lead. Figures supplied by the Ministry of Energy in 1979 suggested that this would be very expensive. Capital costs of dropping the lead level as low as 0.15g a litre were put at \$67.8 million, while extra imports of \$45.2 million were said to be required.

For this reason it appears that the most we can expect at present is a modest lowering of the lead level from its present level of up to 0.84g a litre (as high as anywhere in the world) to 0.45g a litre. Even this advance has

been challenged, for the 1980 Energy Plan suggested that it might need to be reviewed.

Experience in other countries suggests that the costs of lead reduction may, however, have been overstated. They are significantly higher than the costs quoted in a similar exercise by the British Ministry of Transport in 1979, while oil company estimates of the costs of lead reduction to 0.15g a litre in West Germany were more than three times as high as the Bonn Government's own figures.

As the oil companies also own the companies supplying the lead additives, some independence is required in any assessment of the costs of doing without lead. The New South Wales Government, for instance, has described oil company figures about the expenses of going lead-free as "grossly exaggerated".

Once lead-free petrol is the goal, rather than merely lead reduction, positive economies begin to emerge. No longer is there the need to produce acids

during combustion to get rid of lead deposits in the cylinder. Oil and engine life is prolonged as a result.

Where lead-free fuel has been introduced, the refining costs of producing a high-octane petrol have also been faced by dropping the required research octane number to around 92RON (compared with New Zealand's 96RON). This means that only some vehicles will run satisfactorily on lead-free fuel, which is why it is made mandatory only for new vehicles.

Any increased crude oil consumption at the refineries is more than offset by large gains in fuel economy by vehicles which are fitted with catalytic converters, carbon monoxide and nitrogen oxide, but will not function if petrol is leaded, as the lead fouls the catalyst. Catalytic converters also make possible engine tunings that produce major fuel savings.

The Australian Committee on Motor Vehicle Emissions suggested, in fact, in its 1980 report that a combination of lead-free fuel and catalytic

converters could produce an overall saving of a year of 44 million barrels. This type of finding has also been supported by a study by the New South Wales State Pollution Control Commission, which found that American 1978 - model catalyst-equipped cars used about 10 per cent less petrol than Australian 1980-model cars of equivalent weight, even though 1980 Australian exhaust emission standards were much less stringent than the US American standards.

The catalytic converters are estimated to add between \$10 and \$200 to the cost of new cars, but will, of course, have the advantage of controlling pollutants other than lead.

In this country, the health significance of air-borne lead has been obscured by the importance of other sources of lead, particularly from paint. There is a strong case, however, for lead-free fuel simply on the grounds that it is one source that is controllable and that many people are likely near "hot spots", busy intersections or motorways.

Small-scale studies by university researchers have already indicated that many children in our major cities are likely to have blood lead levels higher than the 30 micrograms a 100ml of blood set as a "level of concern" for human health by the National Health and Medical Research Council in Australia.

Australian transport ministers have been given a report that calls for the adoption of lead-free petrol throughout Australia.

John Horrocks is northern organiser of Friends of the Earth Ltd, a "non-profit" company committed to the conservation, restoration and rational use of the ecosphere.

Nixon-style 'dirty tricks' — an NZ example?

MICHAEL Young, Waikato University employee, fears the Security Intelligence Service is spying on him and turning its information over to the Americans.

Young applied for a United States transit visa in July 1979. He was turned down. The Americans told him the reason was his membership of Corso and because he had criticised America's Vietnam involvement.

How did the Americans obtain that information? Young asks.

He obtained his Wanganui computer file and told NBR there was nothing untoward on this record.

He concludes that the SIS turned over the information to the Americans. He cannot prove or disprove this. SIS files are secret — the same as the myriads of files kept on private citizens by other Government departments.

"What's wrong with opposing the Vietnam war?" Young asked, pointing out that half America opposed the war. "And what's wrong with being a member of Corso?"

An acquaintance wrote on his behalf to National MP Ian Shearer, asking what was wrong with Corso. Shearer replied on October 5, 1979. "Suffice to say that the problems are of long standing and some of the actions of a small number within Corso very suspect," the letter said.

Shearer has been elevated to

THIS is part of a series in which Warren Berryman considers the American Freedom of Information and Privacy Acts in theory and in practice and compares the United States system with our own.

Cabinet, apparently in spite of his 10 years of Corso membership. Private citizen Young was denied an American visa because of his Corso membership.

Someone somewhere keeps secret files on all of us. The information may be correct, it may consist of inaccuracies and malicious rumour.

In either case, it can wreck your career, destroy your credit rating, or worse.

You will never be told the reason why, never be given the chance to face your accusers, and never be allowed to correct mistakes in those files.

America's Privacy Act gives everyone access to their files held by Government agencies and the right to correct those files.

These rights, and others provided by the Freedom of Information Act, saved the life of distinguished Greek newspaper editor Elias Demetracopoulos.

Demetracopoulos fled the military dictatorship in Greece and arrived in the United States in 1967. He became a thorn in the side of the Greek dictatorship and its American allies, acting as an unofficial lobby against the Greek junta and American policies supporting the dictators.

The prosperous Greek-American business community supported President Nixon with campaign funds. Thomas Pappas, a wealthy Greek American with close ties to the junta, was named by Nixon in the Watergate tapes as the man to be approached for money to satisfy the demands of Watergate burglar, Howard Hunt.

Citing on information sup-

plied by the Central Intelligence Agency, certain American journalists published a number of stories attacking Demetracopoulos.

Using the Freedom of Information and Privacy Act, Demetracopoulos gained access to his files from the CIA and FBI. Those files not only showed the published stories to be false; they also uncovered a CIA plot to discredit Demetracopoulos with deliberate lies fed to CIA-aligned journalists.

Meanwhile, Nixon and John Mitchell were trying to have Demetracopoulos deported to Greece to his almost certain death at the hands of the dictators.

The Demetracopoulos story was published throughout the United States, helping to put the final nails in Nixon's political coffin.

Subsequent follow-up stories implicated Vice president Spiro Agnew Secretary of State Henry Kissinger, Attorney-General Mitchell, CIA director, William Colby and others.

The CIA was found to have been implicated in a plot with the Greek KYP (Greek intelligence) to kidnap Demetracopoulos and return him in Greece.

Vice-presidential hopeful John Connally had his political fortunes dashed when it was revealed that he was the author and circulator of a slanderous letter regarding Demetracopoulos.

The Demetracopoulos affair is one of four cases studied by the House of Representatives, looking into the CIA's use of the media to spread lies about its enemies.

Demetracopoulos told NBR

that if it hadn't been for America's Freedom of Information and Privacy Acts "I would be a dead duck."

Demetracopoulos is now writing a book based on the 5000 pages of information obtained from the CIA and FBI.

One of the CIA documents he showed NBR refers to him as a dangerous man, a "scouter" who publishes documents. "What am I supposed to do? I'm a newspaper man," he said.

Syndicated columnist Jack Anderson was cramping Nixon's style with a series of exposes on the Nixon regime during the Watergate era.

Anderson and his team began to get jumpy when a new office opened across the street from them the staff of which showed an inordinate interest in the investigative journalists.

First, Anderson's team speculated it was the FBI. But Anderson's children took snapshots of the new neighbours, who turned out to be CIA operatives.

Using the acts, Anderson got the files from the CIA. The CIA's effort was codenamed "Operation Muden".

Anderson, a teetotaling Mormon, was codenamed "Brandy". Other team members were referred to as "champagne", "cordial", "sherry", and "cognac".

The CIA files showed the journalists had even been followed into supermarkets (where purchases were registered by CIA agents) and sped on at home.

Anderson published a story on the affair, then brought a lawsuit against Nixon and the CIA.

Anderson team member Gary Cohen said: "The Freedom of Information Act is a fantastic tool. I never cease to be surprised at the honesty of the average bureaucrat. They

give us the stuff even if it embarrasses them."



Nixon... Irell led right to top.

give us the stuff even if it embarrasses them."

The United States Secret Service is supposed to guard the President. Part of its lawful role is keeping files on potential assassins.

But the use of the Privacy Act has turned up files on such unlikely assassins as Jane Fonda and Helen Keller (spokesperson for the blind). Information revealed under the Privacy Act has shown much of the information in the files to be nothing but gossip and unfounded rumour.

Some American journalists complain about the CIA, Secret Service and FBI shredding its files on the grounds that these files may contain valuable information for a future invasion.

But journalists from papers such as the Washington Post and Jack Anderson's team who have had a look at such files argue that rubbish and malicious gossip is best shredded, rather than left hanging over an innocent citizen's head.

The acts have been used in countless cases to extirpate illegal acts by government agencies from the American political scene.

In self-comforting xenophobic fashion, New Zealanders might argue that power corrupts only foreign politicians — never Kiwis.

But they can never be sure. Our politicians, bureaucrats, and official spies have never been put to the test through open democratic means.

Establishmentarians might argue that open Government is an expensive luxury for the sole benefit of muck-rakers and political dissidents.

Without putting themselves in the anti-establishmentarian's shoes, they might ask: Why did I miss out on that plum job or that big deal I had so well sewn up? Could it have been due to an engineered leak of information from some secret file kept on me? Have I enemies who would slander me in private knowing their identities will never be revealed?

If the answers to these questions is yes, you need the sort of rights provided by a Privacy Act as much as Michael Young, Jack Anderson, or Elias Demetracopoulos did.

Show your credentials.



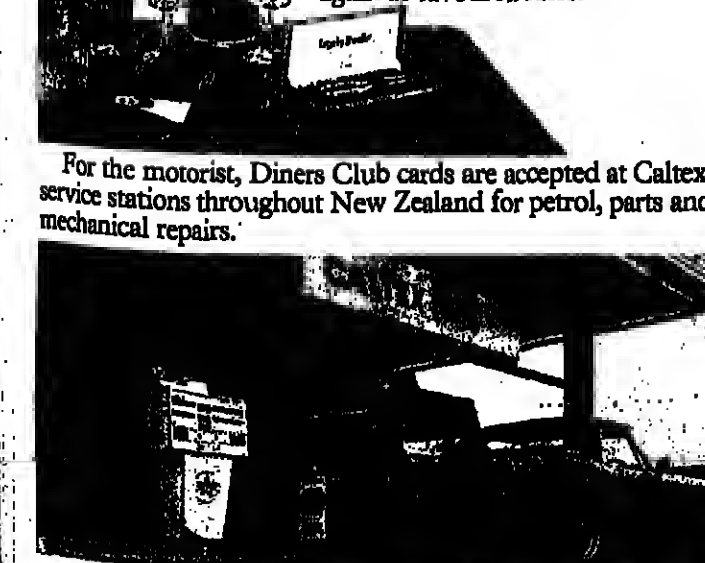
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Heylen Poll

Small movements in party support in polls...

by Colin James

THE unpredictability of three-way politics is underlined by application of the year's first poll result to swing measuring devices. Quite small movements in public support for the three main parties give quite marked differences in seat allocation.

In January *National Business Review* applied the Tomes three-way pendulum to the December 6-13 Heylen Poll, which measured support for the three parties at National 36.0 per cent, Labour 32.1 and Social Credit 31.0. Assuming a highly improbable uniform swing, the pendulum translated

that support into 37 seats for National, 36 for Labour and 19 for Social Credit. Applying the pendulum to the *National Research Bureau* poll of late January — which measured Labour at 38 per cent, National at 30 and Social Credit at 31 — gives National 46 seats, Labour 30 and Social

Credit 16.

And applying it to the Heylen Poll of February 7 (National 40.0 per cent, Labour 33.2 and Social Credit 25.9) gives National 52 seats, Labour 32 and Social Credit eight.

The two latest polls are shown in the graph. The dotted line marks the borders between

each of the parties' electoral territories indicated by the NBR poll and the broken line marks the borders as indicated by the Heylen Poll.

In each case Island Bay has not been included as one of the seats that would swing from Labour to National, on the grounds that the Labour vote was split by an independent candidate in 1978. It differs from East Coast Bays in that its vulnerability is to the other old party, rather than to Social Credit.

Including Island Bay would give National one more and Labour one fewer seat.

The Tomes exercise is, as was pointed out in January, academic. One certainty about the 1981 election is that there will not be a uniform swing — it will probably be even less uniform than usual.

This was the case in 1978, especially in the case of swing between each of the two older parties and Social Credit.

Using the Tomes pendulum to apply the 1975-78 swing uniformly to the parties as they stood in 1975 would have indicated a National-Labour transfer of six more seats than actually crossed over.

It would also have suggested that both Bay of Islands and Kaipara would have dropped into the Social Credit net, along with Rangitikei which did go.

However, all six Labour-gains-that-overen't were very close to the border, as was Kaipara, so slight local variations — or a lower swing in marginal than in safe seats — could cause them to move differently from expectations.

But Bay of Islands was well inside the predicted Social-Credit national boundary.

One might put that down to a weak Social Credit candidate and a very strong Labour candidate who denied Social Credit the pickup from Labour it gained in other similar seats.

But there may be more to it. Whereas the ringing of seats on a National-Labour scale in order of vulnerability to swing gives a roughly similar ranking in both 1975 and 1978 (few seats moving more than seven places), the variations on a National-Social Credit scale yield many big changes in ranking between elections.

Esson's Criticism

Is there another factor at work? Brian Esson, economics lecturer and mathematician at Canterbury University, says there is.

He argues that on a three-way pendulum the arms rotate in a sort of pinwheel movement on Social Credit.

Applying his estimate of the degree of rotation to the Tomes graph of the December Heylen Poll, Easton has only five National seats going to Social Credit instead of 15 and only one instead of two Labour seats

falling to Social Credit. The National-Labour boundary was about right, he estimates.

Easton argues that "in a two-party poll there are two parameters (degrees of freedom) in the switch matrix (for example, the switch from National to Labour and the switch from Labour to National).

"You lose one degree of freedom for the equality condition (that is, National equals Labour).

"The remaining degree of freedom can then be represented on a single scale or by a single swing. Hence the McKelvie/Roberts swingometer.

"In a three-party poll there are six degrees of freedom. The switch from Social Credit to National and Labour gives two and similarly for Labour to Social Credit and National to Social Credit and Labour.

"Again you lost one degree of freedom for the equality condition, which leaves five. On the triangle this might be thought of as a two for the vertical and horizontal shifts of the centre (as shown by Tomes) and one each for the rotation of each axis (not shown)."

Tomes in defence Tomes replies that Easton appears to have been working on a straight-line swing base, which Tomes says assumes (wrongly) that it is of equal difficulty for one party to move from 10 per cent of the vote to a seat to 40 per cent as to move from 40 to 60 per cent.

His calculation of swing is designed "so that, for instance, it is about equally difficult to move from 5 to 10 per cent, 10 to 20, 20 to 40, 40 to 60 and 60 to 95."

"When considered in this way, the three-party situation is no problem."

By "straight-line" swing, Tomes means reliance on addition and subtraction of voting percentages — the normal method of calculating two-party swing.

His method uses division and multiplication of votes. He depicts it mathematically for National and Labour as $N78/L78 = K$ and $N75/L75 = K$ (National, L is Labour, 78 is 1978, 75 is 1975 and K is the swing.) He says his method tends to break down when a party scores fewer than 100 votes, but that is not at issue here.

He depicts straight-line swing as $N78-L78 = K + N75-L75$.

As to degrees of freedom, Tomes says that in a three-way election there are two degrees of freedom as the vote for the third party is 100 per cent of the total for all three parties, minus the other two.

"Considering two successive elections, therefore, there are four degrees of freedom and

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Heylen Poll

... but just look how the pendulums swing

five," Tomes says. "Two of these are represented by the position of the electorate or the other two by the position at the other election.

"The swing itself consists of only two degrees of freedom. The swing from National to Labour and Labour to National are not two degrees of freedom but one."

Other schemes Easton is not the only person to have written to NBR on the subject of three-way pendulums.

Paul Bielecki, of Palmerston North, has produced a triangle, constructed on the basis of each party's percentage of each two-party vote (that is, the total vote of two of the three parties).

There is not room here to reproduce Bielecki's triangle, which seems to be on the "straight-line" basis mentioned by Tomes above and similar to one published by two DSIR scientists in the *Evening Post* in late December.

Brian Mockridge, of Auckland, has constructed a graph similar in appearance to Tomes, but plotting seats according to the percentages of the vote obtained in 1978 by each party and then drawing in the swing line on the basis of the increase or decrease in each party's percentage as shown by the poll against that obtained by each party in 1978.

Thus the Heylen December Poll showed National losing 3.8 per cent against its 1978 election figure, Labour losing 8.3 per cent and Social Credit gaining 14.9 per cent.

To take Hastings as an example, subtracting 3.8 per cent from National's 33.8 gives 32.0 per cent, subtracting 8.3 per cent from Labour's 37.4 per cent gives 29.1 per cent and adding 14.9 per cent to Social Credit's 26.0 per cent gives 40.9 per cent. This transfers the seat

from Labour to Social Credit, with a 9 per cent majority over National.

This method gives a much smaller Social Credit seat total, at 11, than did the Tomes method, for the December Heylen Poll. The Mockridge method would have given National 45 and Labour 36.

Keith Rankin, of Wellington, proposes a system using as its starting point a one-third overall distribution of votes for each of the three parties, applied individually to each electorate according to a formula. He then calculates the effects of movements in the Social Credit vote applied electorate by electorate.

By-elections applied In an interesting variation, James Northcote-Bade, of Auckland, suggests, as have Labour strategists, that the say-put result of the Onehunga by-election reflects what might happen in seats at the National-Labour border, while the big-change Soerod-swing result in East Coast Bays reflects what might happen as protest voters vote rationally for the party most likely to beat the Government.

Northcote-Bade applies the Onehunga movements to the 1978 election results in Labour-held seats and those seats that Labour would take from National with a 1.95 per cent increase in Labour's share of the vote (the Onehunga increase), and the East Coast Bays movements to the 1978 results in other National-held seats.

"The results are quite astounding," he argues. "National would lose three seats (Hunua, Kapiti and New Plymouth) to Labour and 27 seats to Social Credit."

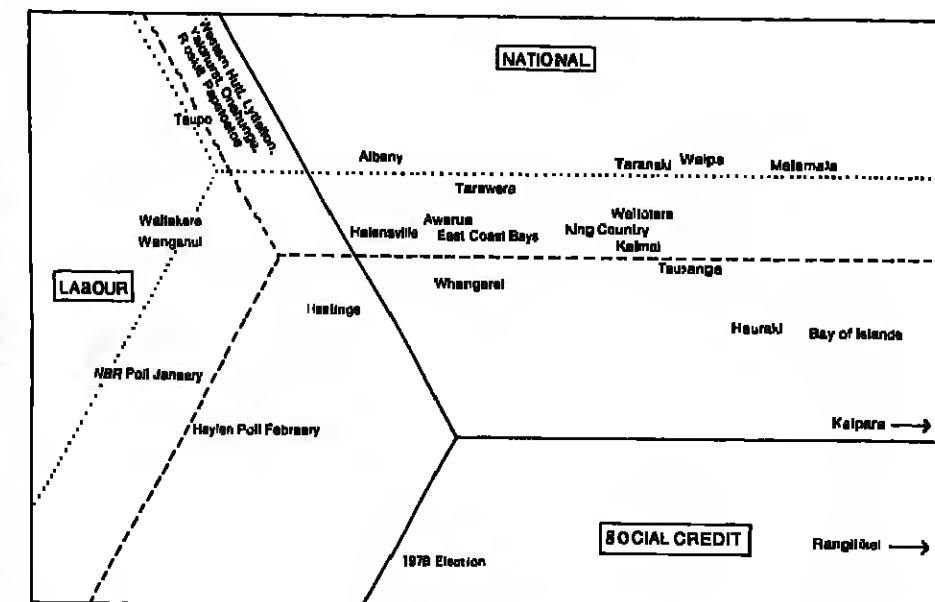
He gives those 27 as: Albany, Awarua, Bay of Islands, East Cape, Hamilton East, Hamilton West, Hauraki, Helensville, Horowhenua, Kaimai, Kaipara,

King Country, Manawatu, Matamata, North Shore, Otago, Papakura, Rangiriri, Rotorua, Taranaki, Tararua, Tauranga, Waipa, Waitaki, Waitotara, Wallace and Whangarei.

"The final result in terms of seats would be: Labour 43, Social Credit 29 and National 20," Northcote-Bade says.

"In terms of percentage of the total vote, Labour would gain 36 per cent, Social Credit 29 per cent and National 35 per cent — figures which come close to recent opinion polls."

"Ironically, that same electorate structure which allows National a 10-seat majority over Labour despite obtaining a smaller total vote than Labour also gives Social Credit nine seats more than National even though it is 6 per cent behind National in the total vote."



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Law

Open trials — next, TV cameras in the courtroom

by Jack Hodder

IT is a fundamental principle of our system of law that court proceedings are open to the public. The reason for this, as stated many years ago in the House of Lords, is that "in public trial is to be found on the whole the best security for the pure, impartial, and efficient administration of justice, the best means of winning for it public confidence".

In strict theory, representatives of the press have no greater right to attend court sittings than ordinary members of the public.

But the reality, that "the public" is very much wider than a handful of spectators at the back of a courtroom, is reflected in the special accommodation provided for the press and their right to take notes of proceedings.

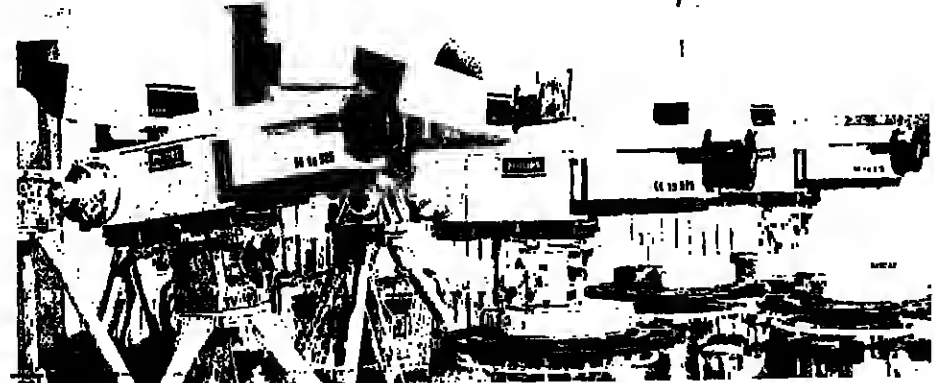
A further recognition of

reality, that "the public" now receives much of its information from the electronic news media, has taken place in the United States and cannot be too far distant here.

At the end of January the United States Supreme Court rejected the argument, advanced in support of appeals against conviction for burglary by two Miami policemen, that the mere presence of television and still cameras during a criminal trial is inherently prejudicial.

That means that the number of American states permitting electronic media to directly cover court proceedings will grow quickly.

Before the January decision 12 states had permanent rules allowing and governing such coverage and a further 14 had experimental programmes operating.



(As always, there is a human cost in this technological advance: the imminent redundancy of some two dozen American artists whose sketches of courtroom scenes have hitherto provided them with a comfortable living.)

The broadcasting of American trials got off to an early but unpromising start in 1937 when newsreel cameras and live

radio made something of a circus of the trial of the man convicted of kidnapping the Lindbergh baby.

The American Bar Association's opposition to court broadcasts dates from that time and remains unchanged. More recently, LBJ's cronies, Billy Sol Estes, won an appeal in the Supreme Court in 1965 against a swindling con-

viction on the grounds that the extensive TV coverage had denied him a fair trial.

In allowing Estes' appeal, the Supreme Court outlined its fears that the presence of cameras would adversely affect the judge, the jury, witnesses, lawyers and the defendant.

But it left an opening: if advances in technology enabled electronic reporting of a less intrusive nature then the result might be different.

In the case decided this year, the Supreme Court was not shown any evidence that the participants had been affected by the presence of cameras.

The trial judge retained full control of the proceedings (able to order that certain evidence not be covered), there was a single camera in a fixed location, a single technician, and no artificial lighting.

Florida has been one of the leading states in the move towards electronic media coverage of courtrooms. An experimental programme began in 1977.

The guidelines were laid down by the Florida Supreme Court and included a prohibition of audio pick-up of privileged conversations, a restriction to a single video camera (plus one still photographer and one audio system) located at the presiding judge's discretion and externally negotiated media pooling arrangements.

The court did not claim any control over which part of proceedings were eventually screened and rejected attempts to limit coverage to cases where the defendant consented to camera coverage.

In April 1979 the Florida Supreme Court concluded that the experiment had been a success and electronic media coverage became a permanent feature of Florida law. In reaching its conclusion, the court could find no evidence of interference with the fair and orderly conduct of trials.

It also pointed to the state's commitment to open government (the Florida Legislature has been televised for some years) and the desirability of improving public understanding of the way the courts work.

In New Zealand there can be no question of the need to improve public understanding of the way that our courts actually operate. There remains a question as to the commitment to open government.

The problems that would arise would, as the Florida Su-

preme Court noted, be similar to those already encountered with the print media, notably selective coverage and editing.

Such problems are substantial. A major article in the *Los Angeles Times* 11 November 1980 covered the many present inadequacies of newspaper coverage of court proceedings.

The article reports a Federal judge as describing press coverage of the really important issues as "somewhere between noisy and abysmal". That comment neatly describes the situation in New Zealand today.

In this country, as elsewhere, the press has concentrated on the spectacular, major criminal cases and the less important cases involving public names.

Coverage of the important appellate decisions, especially those in the non-criminal area, which shape society as much as legislation passed by Parliament, is conspicuously absent.

Two main reasons for the absence of such coverage come to mind. First, court decisions are best analysed at the end of the proceedings, that may mean a time lapse from the date of hearing and the loss of immediacy.

Second, and perhaps more important, such coverage requires reporters with a good knowledge of law and the legal system, law graduates in the news media remain few and far between.

The absence of such coverage means that the press has been failing to inform its public of the workings and effect of the third (but increasingly important) branch of government, the judiciary.

Television could be a most effective medium for providing such information. In this country, where major restrictions on the media coverage of Parliament remain, the extension of television into the courtroom will require a bold step.

Perhaps an "unholy alliance" of open government advocates and private television entrepreneurs will oblige.

In mild defence of the newspapers, it must be said the courts continue to give decisions which make life difficult for the press.

Last month the English Court of Appeal confirmed that documents (obtained by legal order from an opponent) put out in open court may not be given to a newspaper for use in another story; the solicitor who handed the documents to the reporter was found guilty of a serious contempt of court.

On the other side of the Atlantic, a newspaperwoman faces six months imprisonment for contempt after declining to testify as to her sources for articles on the Abscam scandal.

One does not have to be a passionate ally of the press to find something odd when the only person ending up in jail over a major scandal is the newspaperwoman who reported it.

The problems that would arise would, as the Florida Su-

Sport

Ability, not nationality, produces NZ heroes

Brian Turner gives a personal view of the sporting scene in this occasional column.

Cricketer is not the only sport to be afflicted by ardent nationalism. Athletics has attracted more than its share. Quax, Dixon, Walker — I couldn't give a damn about how they feel about running in New Zealand colours, or what they say about it — they are New Zealand athletes and they know it.

And they are magnificent performers at what they do best and that's what I appreciate most about them.

But when Quax said, a few years ago, that black singlets were hot to run in and he preferred to wear a cooler colour, the roars of indignation echoed round the country like a dry avalanche.

Rugby is, of course, the im-

mense straining post of nationalism. One is, metaphorically, expected to die for one's country, as are the Welsh, the South Africans and, nowadays, the Australians. It gives the game an insane edge to encourage every man to believe he wears an O7 jersey.

I admit I am frequently stirred by such encounters as much as I am horrified by the callous disregard for personal and collective safety.

To extend and spend oneself physically is highly satisfying. It would be nice if this carried over and we as a people found a greater variety of matters to become passionately involved in — the rape of our natural heritage, for example.

We do have a few who are virtually expatriate sportsmen.

Ivan Mauger and, nowadays, Glenn Turner are two such. But even though they inevitably recognise the inescapable pull of the patria, their fatherland, they know that it is their ability and not their nationality that is vital to their continued success. They cannot and do not lean upon or cultivate national sentiment.

Ironically, it is our expatriate sportsmen — or those who spend a good deal of their time overseas — who most need the support of their countrymen and who do most for this country's good name elsewhere.

John Walker on the boards in America or Glenn Turner at Lords do rather more for New Zealand than a grumpy PM kicking off leading journalists in London.

Nationalism fosters insularity. We need infusions from outside. We need a willingness



John Walker... he got there by himself.

to keenly observe and learn from visitors as well as a will to defeat them. And we must avoid encouraging new outbreaks of xenophobia.

My feeling is we should cultivate and applaud the excellence of individual performance just as much as team

effort. Only three or four people in New Zealand had any significant effect on Snell's or Walker's rise to greatness.

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Government administration

'Bing' Lucas — all for co-operating on land use

by Rae Mazengarb

INCOMING Director-General of Lands P.H.C. Lucas is full of surprises. Known as "Bing" to his friends, he can score among his achievements the writing of a rock opera and he dislikes bureaucracy and red tape.

In 1947, after five years with Lands and Survey, the angry young man turned his back on what he saw as "the unnecessary cumbersome procedures of the public service" and went to work for a major oil company.

He was back a year later, disillusioned, but satisfied at least that some firms in the private sector were weighed under by a "more overwhelming bureaucracy".

Lucas says the experience did him good; he is now aware of the need to look critically at an organisational structure to see if it justifies its existence.

"There's lots to be said for having a look at the 'other' side, otherwise both the private and public sectors have great problems of insularity".

The same "we" and "they" attitude exists between central and local government, he points out. He is in his fourth term as a borough councillor for Tawa, and knows that even his own department comes across differently to those on the other side.

A delegate to the Municipal Association conference last year — he will be there again this year — he was told what local government representatives think of the central government machine.

"It makes me want to try to find a middle ground to explain the situation, find ways to work in partnership rather than as adversaries".

Lucas has a reputation as a co-operator. Perhaps it helps that he genuinely likes his job.

Born 55 years ago in Christchurch, the son of a real estate agent, he developed a fascination for maths and love for the land which drew him to a life where he could be surrounded by maps.

A major influence on his life was the extensive time he spent during holidays from Christchurch Boys High on his uncle's Canterbury farm.

Essentially a pioneering situation ("we used to stay in tents and then a slab hut"), it was an eye-opener for the city lad. Rural land was being broken in and bush-burn was part of the normal scene.

He was offered a job by the editor of the *Christchurch Star* but chose land administration.

His first years with Lands and Survey were difficult. It was war-time and he was studying accountancy at Canterbury in the evenings. Like most 18-year-olds he was involved in activities such as potato harvesting.

Study could easily have gone by the board, Lucas recalls. "It took a conscious determination".

Having succeeded in his studies, he set about learning the practicalities of the job.

He transferred to Wellington in 1952 and, as a staff training officer, travelled extensively around the country.

"I made a point of having at least one day in the field when visiting each office. It enabled

me to get alongside the managers and to see the department's operation from one end of the country to the other".

In the 1950s and 60s — working under Director-General David Webb — Lucas helped with a number of initiatives which reflected a more effective and conscious environmental concern.

The native plant nursery at Taupo was established, the Nature Conservation Council set up and more emphasis was given to the effective management of national parks. The public was beginning to develop a greater awareness of the worth and potential of the parks for tourism.

Lucas has seen the department evolve from a single-purpose to a multi-functional organisation.

"When I first came in, the first major priority was land development and the settlement of land for ex-servicemen," he said. "It was a major task. All other activities had to be subordinate... mere caretaker operations".

During the 1950s, more than 4000 farms were settled — the era which revolutionised areas like Taupo.

Activity there has stabilised at about 60 farms a year.

The major development was into the field of management for conservation and recreation. It led to a significant increase and improvement in the management of national parks, the establishment of maritime parks, the farm park concept, walkways and so on, Lucas said.

The establishment of Te Pahi in the far north a decade or so ago was what he calls one of the department's most rewarding accomplishments — a farm park owned and managed for farming and education, with strong natural and conservation features.

"The most exciting thing... standing at Te Pahi and looking at the carpet green of pasture land out to the sea-scape of (Cape) Maria van Diemen — the combination of pasture, swampland, production, recreation..."

Conservation and tourism are major concerns of Lucas. He took up a Churchill Fellowship to North America in 1969 to look at the management of national parks. He was impressed by what he saw, but found that our approach to management was along the right lines.

"We had the potential to make better use of our cultural and historic resources and avoid the mistakes," he said.

That year he was appointed director of national parks and reserves. He has also served on the National Parks Authority, the Historic Places Trust, the International Commission on



"Bing" Lucas... dialling red tape.

National Parks and worked closely with the Tourism Advisory Council.

He has not worked with another department, but was briefly seconded to the Department of Agriculture in the early 1960s.

In recent years he has enjoyed his involvement with national park projects in the developing world, acting as adviser to the governments of Peru and Nepal.

The Sagarimatha (Everest) National Park was set up in 1974 and in a few months will move over to local management.

International feedback indicates that New Zealanders are welcomed by such countries.

"They are more adaptable and prepared to listen to local aspirations and ideas (than other aid groups)".

He notes the changes in Lands and Survey. For years the department used the blunt instrument of land designation, a proposal to buy private land into public ownership.

"The 1970s brought more and better 'weapons': the walkways legislation of 1975, and 1977 legislation of conservation, covenants, protected private lands, and legislation to allow the department to give advice and assistance to owners of land with potential for recreation. "We can get alongside the trust board and private managers of thermal areas," says Lucas.

He acknowledges the growing problem of access for New Zealanders to New Zealand.

For one thing, the bulk of the population is in the North Island and the majority of national parks in the South; rising energy costs put a premium on travel for recreation, and there is a demonstrable need for more facilities close to the people — "like the countryside commissions in Britain" (co-operative agreements with land-owners to allow public access to their land).

The coastal scene could thereby be opened up through co-operation between land-owners and local government.

Lucas will attack the new job — when he takes over next month — by looking for better ways to apply and co-ordinate the range of skills within the department.

The traditional skills of land management, administration, surveying, drafting, have been augmented with an influx of planners, landscape architects, scientific advisers and parks and reserves specialists. But Lucas says they have yet to be used in a really effective way.

"Our problem has been integrating the skills, finding the technique of coming up with the right recipe to use them..."

To a degree, the sinking lid policy has brought benefits. Decision-making has become centralised over the decades. Shrinking staff numbers have hastened a reversal of the trend; decision-making is being delegated as close to the scene as possible and paper-work is being reduced.

Lucas is keen to encourage this, as part of his overall plan for the department to take a leadership role in "countryside management".

One of his first tasks will be setting up a new administration structure for national parks and reserves in line with the 1980 legislation.

There will be no dramatic changes in direction (retiring Director-General Noel Coad and Lucas "operated in a corporate box", partners in the department's recent evolution). But Lucas does see a need for closer working relationships between the department and

local government and closer ties with private enterprise.

He feels the department itself received a clean bill of health from the Royal Commission into the Marginal Lands Board affair, and that the commission's recommendations were merely suggested modifications to the legislation.

But like Coad, Lucas does not support the recommendation to make a breach of confidentiality a criminal offence.

Privately, Lucas spurns the myth of the "typical" public servant, if only for the simple fact that in this country many opportunities to use expertise exist only in the Government.

"Companies here don't have large private research organisations... many innovative operations are carried out within government departments. It's a consequence of the size and population of New Zealand; we don't have the capacity of private enterprise as in America where some company budgets are bigger than the annual budgets of some countries".

The father of two children — one opted for teaching, and the other accountancy in the private sector — Lucas says he is too busy for hobbies.

But he wrote a rock musical in 1974, while convalescing after a spell in hospital. And *Sandtalk* — produced first for his local church — went on to higher things.

Performed in opera houses around the country and put on record, it is soon to be performed in Fiji. And inquiries from Britain, America and Singapore are still coming in.

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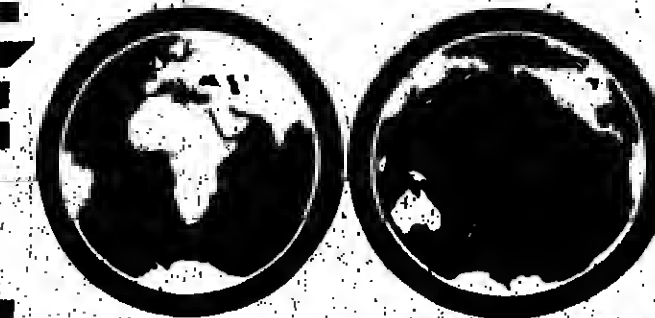
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Shipping

Containers, conference lines attract critics

by Warren Berryman
WHILE freight costs eat into the country's export earnings, the argument between conference and non-conference shipping continues to rage around how to reduce our invisibles of more than \$1000 million.

Our present shipping system was analysed and options for the future presented late last month when the Guild of Agricultural Journalists brought together a cross-section of transport specialists.

Michael Payze, corporate affairs manager of the Shipping Corporation, documented the fall-off in ship building as an indicator that present overtonnage in world shipping is unlikely to last.

He spoke also of the country's cargo mix — 42 per cent of all export tonnages is iron ore and 11 per cent timber while 57 per cent of our import tonnage is oil and 14.5 per cent fertiliser. This shipping mix, combined with the need for refrigerated cargo capacity, did not give us much room to manoeuvre, he said.

Payze said the changing pattern of New Zealand markets from Britain and Europe (where the shipping carried half-way), to Iran, Russia and China (where cargo is carried in non-conference or state-owned vessels) might mean dropping two ships off the run.

Meat Board chairman Adam Begg's paper argued that shipping was an important arm of marketing. Time and distance from markets are friends when we can use ships as mobile storage units and phase supplies of our products on to markets when demand for them is peaking, the paper said.

It did not go into the relative costs of storing meat in cool stores or freezers ashore, against storing meat on the water.

Stewart McAllum, managing director of Refrigerated Express Lines, argued for conventional shipping on the following grounds:

- That New Zealand has an imbalanced trade with more containers going out than in — thus the added cost of bringing in empty containers;

- That conventional ships can pick up odd lots of cargo from minor ports, saving on the inland freight portion needed to consolidate cargo at container terminals;

- That containers are best in a point-to-point delivery situation but American meat inspectors unpack 90 per cent of meat containers at the port after which the meat must be repacked and shipped to its final destination;

- That some benefits of containerisation have been wiped out by maritime unions featherbedding the operation because of their fear of redundancies. McAllum argued that conventional shipping, more labour-intensive, would be favoured by unions, who would be likely to co-operate.

McAllum held up the Apple and Pear Board's conventional shipping contracts as an example to other producer boards.

His paper evoked the strongest debate. Defenders of containerisation spoke of the huge capital investment made by shipping companies and port authorities.

Advocates of change pointed to the high costs of inland freight and consolidation, enormous costs of packing and unpacking containers, and posed the question: "Why not let sunk capital sink with past mistakes and open the system up to new options?"

Bob Lorimer, general manager of the Auckland Harbour Board, spoke of de-manning and costly over-manning and wage costs which now

constitute 68 per cent of the Auckland board's expenditure. Stevedoring charges claim a 40 per cent slice of our freight costs, he said.

Lorimer argued for channelling more cargo to the port of Auckland to make use of its expensive container facility.

The container facilities in Auckland cost more than \$50 million, much of it borrowed in Swiss francs, costing the board huge exchange losses. Lorimer said the facility was built on the assumption there would be 130,000 containers a year flowthrough. But the port was getting only 85,000 containers.

Lorimer's critics claimed he made a mistake — that shippers were shunning Auckland's container facility because it was too expensive.

ABC Containerlines consultant Emmett Hobbs sent in a paper arguing the right of non-conference ships to com-

pete with the conference in the carriage of primary product exports.

Hobbs criticised the Meat Board for turning down ABC on the grounds that the cargo ABC took away from the conference would affect conference profits, then 10 days later handing 500 containers a year to the Shipping Corporation.

David Gill, managing director of P&O SNCO, presented a paper reiterating the benefits of the conference system.

Gill was asked: "Why, if the conference system is so good, with so many manifest benefits, does it need a legislated monopoly?"

Gill replied: "Because the majority want it that way."

Trevor Hayward, general manager of New Zealand Railways, had a paper in defence of rail costs presented by B H Potter, the Auckland

traffic manager. NZR delivers about 82 per cent of all loaded containers to the ports.

The total cost of a lamb carcass to free on board was \$3.80 in 1976, rising to \$10.28 in 1980. The cost of transport to works increased from 27 cents to 60 cents over that period while rail costs from works to the port increased from 6.4 cents to 15 cents, he said.

Jack McCarthy, of New Zealand Co-operative Wool Marketing, strongly criticised the Wool Board's shipping arrangements.

McCarthy said his company had been forced by the Wool Board to use a central wool facility against its wishes and at extra cost.

The Wool Board was absent from the seminar.

Other points raised about the shipment of wool were:

- Because the imbalance in

trade forces us to bring in empty containers, why not ship wool out on pallets rather than in containers? This could be done from conventional ports near wool-growing areas, saving internal freight and cutting down on empty containers.

- Dense baling, pioneered by innovative New Zealand-owned wool companies, allows one to get double the tonnage of wool into the same space. Why not allow wool exporters to ship on a box rate, by volume, rather than on a "per tonne" rate so they could benefit. The present tiny concession for dense-baling is only a fraction of the freight saving that might be achieved with a box rate on non-conference ships.

Because primary producers shift markets from Europe and Britain, the shipping service there available to manufacturers is likely to diminish.

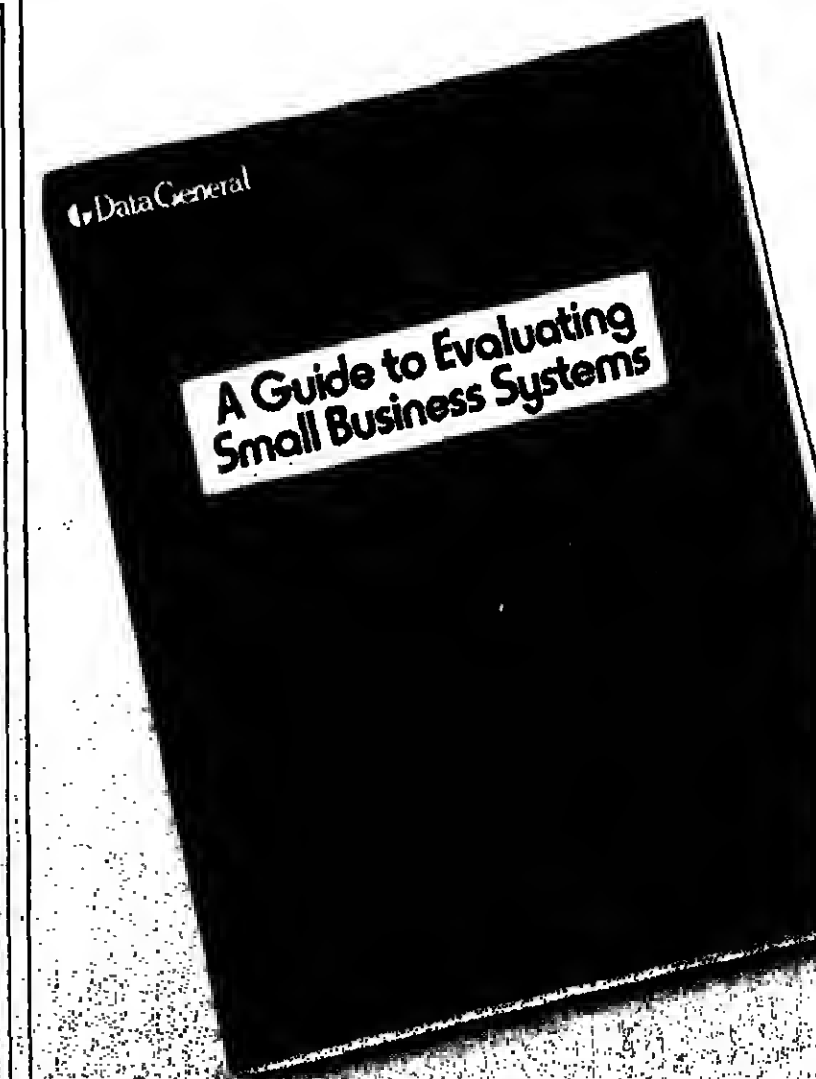
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Data General (New Zealand) Limited
P.O. Box 9735, Wellington, N.Z.
Telephone 147231991
Auckland 0920254
Christchurch 3365330